

# EXHIBIT 20



Factory Mutual Insurance Company  
1301 Atwood Avenue  
P.O. Box 7500 Johnston, RI 02919 USA  
T: 401 275 3000 F: 401 275 3029 www.fmglobal.com

August 25, 2006

Division of Insurance  
Property & Casualty Compliance Unit  
320 W. Washington Street  
Springfield, Illinois 62767

Re: Factory Mutual Insurance Company, 05-0316605 ✓  
NAIC 21482  
Revised Commercial Property Forms  
Filing FMIC-2006-6

We are revising our filed policy and some of the endorsements used with our FMG3000 commercial property insurance product. Factory Mutual Insurance Company (FMIC) specializes in insuring large, complex commercial and industrial entities commonly called Highly Protected Risks (HPR).

As a reference, FMIC has included the applicable state endorsement FMG3012. It is not being changed in this submission.

The following documents are attached:

- Filing transmittal forms
- Filing explanatory memoranda
- Side by side comparisons of policy and endorsements
- Revised policy
- Revised endorsements



Effective date is all policies effective on or after October 1, 2006.

This is a nationwide submission done simultaneously. Rhode Island is our state of domicile and its statute 27-65-1 exempts insurers writing HPR business from having to submit a filing.

Please contact me as shown below if additional information is needed. Thank you.

Sincerely,

[Redacted signature]

Justin Brady, CPCU  
Assistant Secretary and Manager  
Government and Industry Services  
PHONE: 1-800-343-7722, ext. 1863  
FAX: 1-401-275-3032  
E-MAIL: [justin.brady@fmglobal.com](mailto:justin.brady@fmglobal.com)


JB/dad

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KAF  
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Jeh

## ILLINOIS CERTIFICATION OF COMPLIANCE FORM

I, Justin Brady, CPCU, a duly authorized officer of Factory Mutual Insurance Company, do hereby certify that I am authorized to certify on behalf of the Company or Advisory Organization making this filing, and that I am knowledgeable of the laws, regulations, and bulletins applicable to the policy form(s) that is (are) the subject of this filing, and that, to the best of my knowledge and belief, this filing is complete, and said policy form(s), as presented, is (are) in compliance with applicable filing standards, Illinois laws, regulations, and bulletins, and applicable checklists on the Illinois Department of Insurance website dated August 21, 2006..

I understand that the Illinois Department of Insurance will rely on this certification to expedite review of this filing, and should it be determined that the policy form(s) does (do) not comply with the applicable laws, regulations, bulletins, or checklists, or that this certification is materially false, misleading, or incorrect, appropriate corrective and disciplinary action, as authorized by law, will be taken by the Department against the insurer or advisory organization and the officer completing this certification.

Signature of Authorized Officer 

8/25/06

Date

Name of Authorized Officer (print) Justin Brady, CPCU

Title of Officer Assistant Secretary

Insurer or Advisory Organization

Name Factory Mutual Insurance Company

FEIN 21482

Address of Insurer or Advisory

Organization P.O. Box 7500, 2 WC

City Johnston

State RI

Zip 02919

Direct Telephone Number 1-800-343-7722, x1863

Fax Number 1-401-275-3032

Email Address justin.brady@fmglobal.com

Filing Number that Applies to this Filing FMIC-2006-5

FACTORY MUTUAL INSURANCE COMPANY  
Filing FMIC-2006-5  
State Endorsement Explanatory Memorandum  
ILLINOIS

This Explanatory Filing Memorandum is provided only for informational purposes. It does not modify, limit or enlarge insurance policy provisions. The actual rights and responsibilities of the insurer and the Insured are contained in the policy's terms and conditions.

Use this memorandum in conjunction with the enclosed side by side comparison for the revised state terrorism endorsements. Also included is a final printed copy of endorsements.

The Special State Endorsement, included in this filing as a reference, is not being amended in this submission.

As explained below, change is made to the specified state endorsements on file in your jurisdiction under Filing FMIC 2006-2.

FMG7192S

SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT  
STATE OF ILLINOIS

On page 2 in paragraph 3, we added wording to reinforce the intent of the policy's current nuclear exclusion. The additional wording emphasizes what is intended to be excluded and does not change coverage.

This endorsement FMG7192S replaces the endorsement FMG7182S included in this filing.

FMG7193S

SUPPLEMENTAL UNITED STATES NON CERTIFIED ACT OF TERRORISM  
ENDORSEMENT STATE OF ILLINOIS

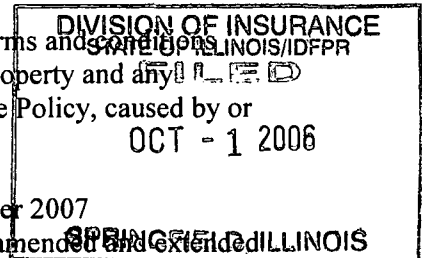
On page 2 in paragraph c), we added wording to reinforce the intent of the policy's current nuclear exclusion. The additional wording emphasizes what is intended to be excluded and does not change coverage.

**SUPPLEMENTAL UNITED STATES  
CERTIFIED ACT OF TERRORISM ENDORSEMENT  
STATE OF ILLINOIS**

It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:

**Coverage for "Certified Act of Terrorism" Under The Terrorism Risk Insurance Act of 2002**

In consideration of a premium charged of \$ <Fill-In>, this Policy, subject to the terms and conditions of the Policy, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.



It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein.

This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy. Nor does the coverage provided by this Endorsement insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act).

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 90% (85% in 2007) of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The Premium charged for this coverage is provided above.

The coverage provided by this endorsement only applies to a Certified Act of Terrorism.

The coverage provided by this Endorsement does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:



1. that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or
4. that involves action taken to prevent, defend against, respond to or retaliate against a Certified Act of Terrorism or a suspected Certified Act of Terrorism.

Reference and Application: The following term(s) means:

Certified Act of Terrorism:

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005. The criteria contained in that Act for a "certified act of terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

However, if the act resulted in aggregate losses less than \$5,000,000 and that act met the criteria set forth in the above paragraph b. of the definition of "certified act of terrorism", such losses are covered under the terms and conditions of the Policy to which this endorsement is attached.

**SUPPLEMENTAL UNITED STATES  
NON CERTIFIED ACT OF TERRORISM ENDORSEMENT  
STATE OF ILLINOIS**

It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:

**Coverage for "Non Certified Act(s) of Terrorism" Losses**

With respect to Locations in the United States, its territories and possessions and Puerto Rico, the definition of a "Non Certified Act of Terrorism" contained in this endorsement will apply in place of the definition of Terrorism contained in Terrorism Exclusion, item B.2) f) of this Policy. All other terms and conditions in this Policy continue to apply.

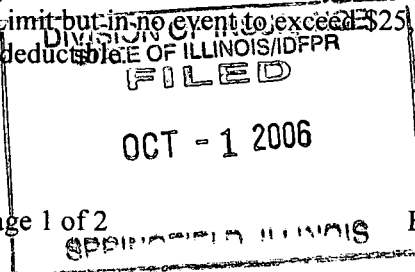
With respect to all other locations, the term "Terrorism" wherever it appears in this Policy shall continue to apply.

It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

When the industry wide total of insured loss or damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada, caused by or resulting from a Non Certified Act of Terrorism as defined herein, is \$25,000,000 or less, (hereinafter referred to as the "\$25,000,000 threshold") determined as set forth herein, the terms and conditions of this endorsement will apply. However, when the total of insured loss or damage exceeds the \$25,000,000 threshold, determined as set forth herein, this endorsement shall not apply, and all terms, conditions, limits and exclusions of this Policy and any endorsements attached thereto with respect to Terrorism, as defined in this Policy shall apply.

In determining whether the \$25,000,000 threshold, is exceeded, the Company will include all insured damage sustained by property of all persons and entities affected by the terrorism and all insured time element losses. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

If the \$25,000,000 threshold is not exceeded, this Policy as amended by this endorsement, and subject to the terms and conditions of this Policy and this endorsement, and notwithstanding any terms and conditions in this Policy specifically excluding acts of Terrorism, covers direct physical loss or damage to insured property and any resulting loss covered by the terms of any time element coverage, or any extension of such coverage (if such endorsement or extension are provided by this Policy), caused by or resulting from a Non Certified Act of Terrorism as defined herein. In the event loss is recoverable under this endorsement, this endorsement will be subject to the Limits of Liability in the Declarations (except for the application of the Terrorism Coverage Limit but in no event to exceed \$25,000,000 for all loss or damage), and will be subject to any applicable deductibles.



This endorsement does not apply to and does not provide any coverage for any Non Certified Act of Terrorism:

- a) That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b) That is carried out by means of the dispersal or application of pathogenic or poisonous biological and chemical materials; or
- c) in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or
- d) That involves action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

Multiple Non Certified Acts of Terrorism, or multiple acts of Terrorism, which occur within a 72 hour period will be deemed to be one act.

As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

The coverage afforded by this endorsement and any other Terrorism coverage provided in the Policy are mutually exclusive, and any coverage provided by this endorsement and any other Terrorism coverage provided in this Policy do not apply to the same act and are not additive.

Coverage under this endorsement does not apply to any element of loss or damage that is otherwise excluded under this Policy.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy.

Reference and Application: The following term(s) means:

**Non Certified Act of Terrorism**

A "Non Certified Act of Terrorism" means an act that involves a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002.



FACTORY MUTUAL INSURANCE COMPANY  
Filing FMIC-2006-5  
Explanatory Filing Memorandum  
Page 1 of 3

This Explanatory Filing Memorandum is provided only for informational purposes. It does not modify, limit or enlarge insurance policy provisions. The actual rights and responsibilities of the insurer and the Insured are contained in the policy's terms and conditions.

The Memorandum is to be used in conjunction with the enclosed side by side comparisons for the policy and each endorsement contained in this submission. Also, a final printed copy of each form is included in this filing.

Factory Mutual Insurance Company is not making any changes to our Supplemental U.S. Non Certified Act of Terrorism Endorsement on file in your jurisdiction, unless separately noted in this filing. And the respective Special State Endorsement is also not being revised, unless specifically mentioned. That endorsement is included as a reference for your convenience.

Following are the amendments to currently filed forms.

**FMG3000 Property Damage Policy**

Limits of Liability (Pages 2 and 3 in Comparison)

We have editorially revised this policy for readability without changing coverage.

Deductibles (Page 4 in Comparison)

Our introductory paragraph was amended to include reference to Time Element loss; no coverage change.

We rewrote paragraph A. to emphasize how any per location deductible would be applied in a loss; no coverage change.

And paragraph B. was changed to add wording explaining the application of multiple deductibles on a per location basis. There is no coverage change.

Debris Removal (Page 10 in Comparison)

We have rewritten the second paragraph to stress what is covered under the policy. There is no coverage change.

Demolition And Increased Cost Of Construction (Page 11 in Comparison)

Only paragraph 4 has been revised. The change is necessitated by the introduction of a Contamination definition (See page 21 in Comparison.) No coverage change.

FACTORY MUTUAL INSURANCE COMPANY  
Filing FMIC-2006-5  
Explanatory Filing Memorandum  
Page 2 of 3

Land And Water Contaminant Cleanup, Removal And Disposal (Page 13 in Comparison)

We have substituted the words “actual not suspected presence of Contaminant(s)” for the words “contaminants or pollutants” without changing coverage.

Exclusions (Pages 16, 17, 18 and 21 in Comparison)

Exclusion B.1 (page 16) has an additional sentence added to point out that the exclusion and its exceptions do not apply to a situation in which exclusion B.2b would apply. No coverage change.

Exclusion B.2f (page 17) has a revision in its final sentence to add wording. It explains the application of the coverage exception to the exclusion. There is no change in coverage.

Exclusion B.2.f (page 18) has two sentences added to emphasize that this exclusion does not apply, if an act of Terrorism as defined in the policy comes within the terms of exclusions B.2b (page 16 in Comparison) or B.2c (page 17 in Comparison.) No change in coverage.

Exclusions D.1, 2, 3 and 4 (Page 21 in Comparison) have been editorially revised to accentuate what is meant by contamination. No coverage change. Note that the introductory wording (page 20 in Comparison) to the exclusion has not been amended, and contamination which directly results from other physical damage not excluded by this policy is still covered. No coverage change.

**FMG3102 Service Interruption Property Damage Endorsement**

In paragraph 3 we have added the phrase “except with respect to fungus, mold or mildew.” It explains that the revised exclusion D1 (see page 21 in Comparison and the explanation shown above) as regards fungus, mold or mildew does not apply to service interruption property damage insurance. This is an increase in coverage.

**FMG3114 Valuable Papers And Records Endorsement**

We have added exclusion c) to paragraph 2 to emphasize that the policy's revised exclusion D1 (Contamination including fungus, mold or mildew) still applies. No coverage change, because the current policy's exclusion D4 (fungus, mold or mildew) applies to the current FMG3114.

**FMG3203 Service Interruption Endorsement**

The same amendment was done as with (see above) FMG3102.

**FMG3230 Ingress/Egress Endorsement**

To be more specific we have changed the word “telecommunications” in paragraph 1 to the words “voice, data or video”; no coverage change.

FACTORY MUTUAL INSURANCE COMPANY  
Filing FMIC-2006-5  
Explanatory Filing Memorandum  
Page 3 of 3

**FMG3401 Decontamination Costs Endorsement**

In the first paragraph, we have deleted the phrase “including but not limited to the presence of pollution or hazardous material” and added the phrase “due to the actual not suspected presence of Contaminant(s),” for emphasis. There is no change in coverage.

**FMG7168 Terrorism Endorsement**

This mandatory endorsement gives coverage for insured losses caused by or resulting from covered terrorism acts.

For the Fourth paragraph in this endorsement, we have added a reference to the policy’s exclusion B2c, to emphasize that the already existing exclusion for insurrection, rebellion, etc. cannot be termed Terrorism for the sake of coverage. There is no change in coverage.

In paragraph 3 of the exclusion, we have added wording to reinforce the intent of the existing nuclear exclusion in the policy. The additional wording emphasizes what is intended to be excluded, and does not change coverage.

**FMG7182S Supplemental U.S. Certified Act of Terrorism Endorsement**

This coverage endorsement is offered to all policyholders.

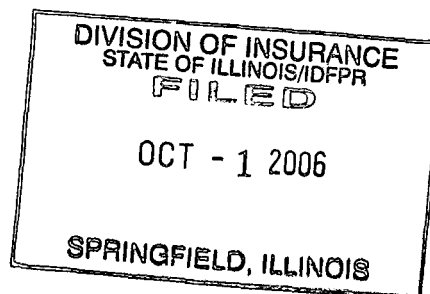
For this filing, we have added wording to paragraph 3 on page 2 of FMG7182S. The wording reinforces the intent of the policy’s current nuclear exclusion. The additional wording emphasizes what is intended to be excluded, and does not change coverage.

## DECLARATIONS - SECTION A

### 1. NAMED INSURED AND MAILING ADDRESS

### 2. POLICY DATES

FROM:  
TO:  
TERM:



### 3. TERRITORY

This Policy covers Insured Locations worldwide except for loss or damage in the following countries:

### 4. INSURED LOCATION

- A. The coverages under this Policy apply to an Insured Location unless otherwise provided.

Insured Location is a location:

<Fill-In - select what applies per the following list

- 1) scheduled on this Policy.
- 1) listed on a Schedule of Locations attached to this Policy.
- 1) listed on a Schedule of Locations on file with the Company.
- 2) covered as a Miscellaneous Unnamed Location.
- 3) covered under the terms and conditions of the Automatic Coverage or Errors and Omissions provisions.>

- B. References and Application. The following term(s) wherever used in this Policy means:

- 1) Miscellaneous Unnamed Locations: A Location owned, leased or rented by the Insured, but not specified in the Schedule of Locations.
- 2) Location:
  - a) as specified in the Schedule of Locations, or

- b) if not so specified in the Schedule of Locations: a Location is a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this References and Application.

## 5. CURRENCY

All amounts, including deductibles, premiums and limits of liability, indicated in the Policy shall be in the currency represented by the three letter currency designation shown. This three letter currency designator is defined in Table A.1-Currency and funds code list, International Standards Organization (ISO) 4217, edition effective at inception of this Policy.

## 6. LIMITS OF LIABILITY

The Company's maximum limit of liability in an Occurrence regardless of the number of Locations or coverages involved, including any insured TIME ELEMENT loss, will not exceed the Policy limit of liability of USD<Fill-In> subject to the following provisions:

- A. limits of liability stated below or elsewhere in this Policy are part of, and not in addition to, the Policy limit of liability.
- ~~B.~~ limits of liability in an Occurrence apply to the total loss or damage at all Locations and for all coverages involved, including any insured TIME ELEMENT loss, subject to the following provisions:
  - 1) when a limit of liability applies in the Aggregate During Any Policy Year, the Company's maximum amount payable will not exceed such limit of liability during any policy year regardless of the number of Locations, coverages or Occurrences involved.
  - 2) when a limit of liability applies to a Location or other specified property, such limit of liability will be the maximum amount payable for all loss or damage at all Locations arising from physical loss or damage at such Location or to such other specified property.
- C. Should an Occurrence result in liability payable under more than one policy issued to the Named Insured by the Company, or its representative companies, the maximum amount payable in the aggregate under all such policies will be the applicable limit(s) of liability indicated in this Policy regardless of the number of Locations, coverages or perils involved.



Limits of Liability

Time Limits

In addition to the time limits shown elsewhere in this Policy, the following apply:

**7. PREMIUM**

This Policy is issued in consideration of an initial premium. If the term of this Policy is longer than one year, for each subsequent year of coverage, premium will be due at the anniversary and will be subject to rules and rates in effect at that time.

**8. PREMIUM PAYABLE**

<Fill-In Name of party paying the premium> pays the premium under this Policy, and any return of the paid premium accruing under this Policy will be paid to the account of <Fill-In same name as above>.

**9. VALUE REPORTING PROVISIONS**

The Insured will provide the Company 100% values by location.

These statement(s) of values are due on the date(s) shown below:

**10. WAITING PERIOD**

**11. DEDUCTIBLES**

In each case of loss covered by this Policy, the Company will be liable only if the Insured sustains a loss, including TIME ELEMENT loss, in a single Occurrence greater than the applicable deductible specified below, and only for its share of that greater amount.

Unless otherwise stated below:

- A. When this Policy insures more than one Location, the deductible will apply against the total loss covered by this Policy in an Occurrence except that a deductible that applies on a per Location basis, if specified, will apply separately to each Location where the physical damage occurred regardless of the number of Locations involved in the Occurrence.
- B. Unless stated otherwise, if two or more deductibles apply to an Occurrence, the total to be deducted will not exceed the largest deductible applicable. If two or more deductibles apply on a per Location basis in an Occurrence the largest deductible applying to each Location will be applied separately to each such Location.

Policy Deductible(s)

## PROPERTY DAMAGE - SECTION B

### 1. PROPERTY INSURED

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an Insured Location or within 1,000 feet thereof, to the extent of the interest of the Insured in such property.

- A. Real Property, including new buildings and additions under construction at an Insured Location, in which the Insured has an insurable interest.
- B. Personal Property:
  - 1) owned by the Insured.
  - 2) consisting of the Insured's interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.
  - 3) of officers and employees of the Insured.
  - 4) of others in the Insured's custody to the extent the Insured is under obligation to keep insured for physical loss or damage insured by this Policy.
  - 5) of others in the Insured's custody to the extent of the Insured's legal liability for physical loss or damage to Personal Property. The Company will defend that portion of any suit against the Insured that alleges such liability and seeks damages for such insured physical loss or damage. The Company may, without prejudice, investigate, negotiate and settle any claim or suit as the Company deems expedient.

This Policy also insures the interest of contractors and subcontractors in insured property during construction at an Insured Location or within 1,000 feet thereof, to the extent of the Insured's legal liability for insured physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Policy.

### 2. PROPERTY EXCLUDED

This Policy excludes:

- A. currency, money, precious metal in bullion form, notes, or securities.
- B. accounts, bills, deeds, evidences of debt or title.

- C. fine arts.
- D. land, water or any other substance in or on land; except this exclusion does not apply to:
  - 1) land improvements consisting of landscape gardening, roadways and pavements, but not including any fill or land beneath such property.
  - 2) water that is contained within any enclosed tank, piping system or any other processing equipment.
- E. animals, standing timber, growing crops.
- F. watercraft or aircraft, except when unfueled and manufactured by the Insured.
- G. vehicles of officers and employees of the Insured or vehicles otherwise insured for physical loss or damage.
- H. underground mines or mine shafts or any property within such mine or shaft.
- I. dams and dikes.
- J. property in transit, except as otherwise provided by this Policy.
- K. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers, except as provided by the DEFERRED PAYMENTS coverage of this Policy.
- L. electronic data, programs and software, except when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured or as otherwise provided by the DATA, PROGRAMS OR SOFTWARE coverage of this Policy.

### **3. ADDITIONAL COVERAGES**

This Policy includes the following Additional Coverages for physical loss or damage insured by this Policy.

These Additional Coverages:

- 1) are subject to the applicable limit of liability;
  - 2) will not increase the Policy limit of liability; and
  - 3) are subject to the Policy provisions, including applicable exclusions and deductibles,
- all as shown in this section and elsewhere in this Policy.

**A. AUTOMATIC COVERAGE**

This Policy covers insured property at any Location purchased, leased or rented by the Insured after the inception date of this Policy. This coverage applies from the date of purchase, lease or rental.

This Additional Coverage does not apply to property insured in whole or in part by any other insurance policy. This coverage will apply until whichever of the following occurs first:

- 1) The Location is bound by the Company.
- 2) Agreement is reached that the Location will not be insured under this Policy.
- 3) The Time Limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section has been reached. The Time Limit begins on the date of purchase, lease, or rental.

**B. BRANDS AND LABELS**

If branded or labeled property insured by this Policy is physically damaged and the Company elects to take all or any part of that property, the Insured may at the Company's expense:

- 1) stamp "salvage" on the property or its containers; or
- 2) remove or obliterate the brands or labels,

if doing so will not damage the property. In either event, the Insured must relabel such property or its containers to be in compliance with any applicable law.

**C. CONSEQUENTIAL REDUCTION IN VALUE**

This Policy covers the reduction in value of insured merchandise that is a part of pairs, sets, or components, directly resulting from physical loss or damage insured by this Policy to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such merchandise to the Company.

**D. DATA, PROGRAMS OR SOFTWARE**

This Policy covers insured Physical Loss Or Damage To Electronic Data, Programs Or Software, including physical loss or damage caused by the malicious introduction of a machine code or instruction, while anywhere within this Policy's TERRITORY, including while in transit.

- 1) With respect to Physical Loss Or Damage caused by the malicious introduction of machine code or instruction, this Additional Coverage will apply when the Period of Liability is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.

- 2) This Additional Coverage also covers the cost of the following reasonable and necessary actions taken by the Insured:
  - a) Actions to temporarily protect and preserve insured electronic data, programs or software;
  - b) Actions taken for the temporary repair of insured Physical Loss Or Damage To Electronic Data, Programs Or Software and to expedite the permanent repair or replacement of such damaged property,

provided such actions are taken due to actual insured Physical Loss Or Damage To Electronic Data, Programs Or Software.
- 3) This Additional Coverage also covers the reasonable and necessary costs incurred by the Insured to temporarily protect or preserve insured electronic data, programs or software against immediately impending insured Physical Loss Or Damage To Electronic Data, Programs Or Software. In the event that the physical loss or damage does not occur, the costs covered under this item 3 will be subject to the deductible that would have applied if the physical loss or damage had occurred.
- 4) Costs recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.
- 5) This Additional Coverage excludes loss or damage to data, programs or software when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured.
- 6) DATA, PROGRAMS OR SOFTWARE Exclusions: The exclusions in the EXCLUSIONS clause of this section do not apply to DATA, PROGRAMS OR SOFTWARE except for A1, A2, A6, B1, B2, B3a, B4 and B5. In addition as respects DATA, PROGRAMS OR SOFTWARE the following exclusions apply:

This Policy does not insure:

- a) errors or omissions in processing, or copying; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
- b) loss or damage to data, programs or software from errors or omissions in programming or machine instructions; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
- c) deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.



7) References and Application. The following term(s) means:

a) Physical Loss Or Damage To Electronic Data, Programs Or Software:

The destruction, distortion or corruption of electronic data, programs or software.

#### **E. DEBRIS REMOVAL**

This Policy covers the reasonable and necessary costs incurred to remove debris from an Insured Location that remains as a direct result of physical loss or damage insured by this Policy.

This Additional Coverage does not cover the costs of removal of:

- 1) contaminated uninsured property; or
- 2) the Contaminant in or on uninsured property,

whether or not the Contamination results from insured physical loss or damage. This Additional Coverage shall cover the costs of removal of contaminated insured property or the Contaminant in or on insured property only if the Contamination, due to the actual not suspected presence of Contaminant(s), of the debris resulted directly from other physical damage not excluded by the Policy.

#### **F. DEMOLITION AND INCREASED COST OF CONSTRUCTION**

- 1) This Policy covers the reasonable and necessary costs incurred, described in item 3 below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at an Insured Location, provided:
  - a) such law or ordinance is in force on the date of insured physical loss or damage; and
  - b) its enforcement is a direct result of such insured physical loss or damage.
- 2) This Additional Coverage does not cover loss due to any law or ordinance with which the Insured was required to comply had the loss not occurred.
- 3) This Additional Coverage, as respects the property insured in item 1 above, covers:
  - a) the cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
  - b) the cost:
    - (i) to demolish the physically undamaged portion of such property insured; and

(ii) to rebuild it with materials and in a manner to satisfy such law or ordinance,

to the extent that such costs result when the demolition of the physically damaged insured property is required to satisfy such law or ordinance.

- 4) This Additional Coverage excludes any costs incurred as a direct or indirect result of any laws or ordinances regulating any form of Contamination.
- 5) The Company's maximum liability for this Additional Coverage at each Insured Location in any occurrence will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured in item 1 above plus the lesser of:
  - a) the reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
  - b) the cost of rebuilding on the same site.

#### **G. ERRORS AND OMISSIONS**

If physical loss or damage is not payable under this Policy solely due to an error or unintentional omission:

- 1) in the description of where insured property is physically located;
- 2) to include any Location:
  - a) owned, leased or rented by the Insured on the effective date of this Policy; or
  - b) purchased, leased or rented by the Insured during the term of this Policy; or
- 3) that results in cancellation of the property insured under this Policy;

this Policy covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this Additional Coverage that any error or unintentional omission be reported by the Insured to the Company when discovered and corrected.

#### **H. EXPEDITING COSTS**

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to insured property and to expedite the permanent repair or replacement of such damaged property.

This Additional Coverage does not cover costs:

- 1) recoverable elsewhere in this Policy; or

- 2) of permanent repair or replacement of damaged property.

#### **I. LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL**

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of Contaminant(s) from uninsured property consisting of land, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of such Contaminant(s) is a direct result of insured physical loss or damage to insured property.

This Policy does not cover the cost to cleanup, remove and dispose of Contamination from such property:

- 1) at any location insured for Personal Property only.
- 2) at any property insured under AUTOMATIC COVERAGE, ERRORS AND OMISSIONS or Miscellaneous Unnamed Location coverage provided by this Policy.
- 3) when the Insured fails to give written notice of loss to the Company within 180 days after inception of the loss.

#### **J. PROTECTION AND PRESERVATION OF PROPERTY**

This Policy covers:

- 1) reasonable and necessary costs incurred for actions to temporarily protect or preserve insured property; provided such actions are necessary due to actual, or to prevent immediately impending, insured physical loss or damage to such insured property.
- 2) reasonable and necessary:
  - a) fire department fire fighting charges imposed as a result of responding to a fire in, on or exposing the insured property.
  - b) costs incurred of restoring and recharging fire protection systems following an insured loss.
  - c) costs incurred for the water used for fighting a fire in, on or exposing the insured property.

This Additional Coverage does not cover costs incurred for actions to temporarily protect or preserve insured property from actual, or to prevent immediately impending, physical loss or damage covered by TERRORISM coverage as provided in this section of the Policy.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

#### **K. TEMPORARY REMOVAL OF PROPERTY**

- 1) When insured property is removed from an Insured Location for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type insured by this Policy, this Policy covers such property:
  - a) while at the location to which such property has been moved; and
  - b) for physical loss or damage as provided at the Insured Location from which such property was removed.
- 2) This Additional Coverage does not apply to property:
  - a) insured, in whole or in part, elsewhere in this Policy.
  - b) insured, in whole or in part, by any other insurance policy.
  - c) removed for normal storage, processing or preparation for sale or delivery.

#### **4. EXCLUSIONS**

The following exclusions apply unless specifically stated elsewhere in this Policy:

##### **A. This Policy excludes:**

- 1) indirect or remote loss or damage.
- 2) interruption of business, except to the extent provided by this Policy.
- 3) loss of market or loss of use.
- 4) loss or damage or deterioration arising from any delay.
- 5) mysterious disappearance, loss or shortage disclosed on taking inventory, or any unexplained loss.
- 6) loss from enforcement of any law or ordinance:
  - a) regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
  - b) requiring the demolition of any property, including the cost in removing its debris;except as provided by the DECONTAMINATION COSTS and DEMOLITION AND INCREASED COST OF CONSTRUCTION coverages of this section of this Policy.
- 7) loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

B. This Policy excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) nuclear reaction or nuclear radiation or radioactive contamination. However:
  - a) if physical damage by fire or sprinkler leakage results, then only that resulting damage is insured; but not including any loss or damage due to nuclear reaction, radiation or radioactive contamination.
  - b) this Policy does insure physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured Location, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured Location. This coverage does not apply to any act, loss or damage excluded in item B2f of this EXCLUSIONS clause.

This exclusion B1 and the exceptions in B1a and B1b do not apply to any act, loss or damage which also comes within the terms of exclusion B2b of this EXCLUSIONS clause.

- 2) a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
  - (i) government or sovereign power (de jure or de facto);
  - (ii) military, naval or air force; or
  - (iii) agent or authority of any party specified in i or ii above.
- b) discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
- c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
- d) seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
- e) risks of contraband, or illegal transportation or trade.
- f) Terrorism, including action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism, except to the extent provided in the TERRORISM coverage in this section of the Policy. However, if direct loss or damage by fire results from any of these acts



(unless committed by or on behalf of the Insured), and if the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical loss or damage by fire, then this Policy covers only to the extent of the Actual Cash Value of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to:

- (i) direct loss or damage by fire which results from any other applicable exclusion in the Policy, including the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
- (ii) any coverage provided in the TIME ELEMENT section of this Policy or to any other coverages provided in this Policy.

Any act which satisfies the definition of Terrorism as provided herein shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.

If any act which satisfies the definition of Terrorism as provided herein also comes within the terms of item B2a of this EXCLUSIONS clause then item B2a applies in place of this item B2f exclusion.

If any act which satisfies the definition of Terrorism as provided herein also comes within the terms of item B2b of this EXCLUSIONS clause then item B2b applies in place of this item B2f exclusion.

If any act which satisfies the definition of Terrorism as provided herein also comes within the terms of item B2c of this EXCLUSIONS clause then item B2c applies in place of this item B2f exclusion.

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, this item B2f exclusion applies in place of item B1 of this EXCLUSIONS clause.

#### References and Application.

The following term wherever used in this Policy means:

#### Terrorism:

Any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,

When the effect or apparent purpose is:

- (i) To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or

(ii) To further or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.

- 3) any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:
- a) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an Insured; or
  - b) by any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by an Insured to do anything in connection with property insured under this Policy.

This Policy does insure acts of direct insured physical damage intentionally caused by an employee of an Insured or any individual specified in b above, and done without the knowledge of the Insured. This coverage does not apply to any act excluded in B2f of this EXCLUSIONS clause. In no event does this Policy cover loss by theft by any individual specified in a or b above.

- 4) lack of the following services:
- a) incoming electricity, fuel, water, gas, steam, refrigerant;
  - b) outgoing sewerage;
  - c) incoming or outgoing voice, data or video,

all when caused by an occurrence off the Insured Location, except as provided in SERVICE INTERRUPTION in the PROPERTY DAMAGE or TIME ELEMENT section of this Policy. But, if the lack of such a service directly causes physical damage insured by this Policy on the Insured Location, then only that resulting damage is insured.

5) Earth Movement.

6) Flood.

C. This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured:

- 1) faulty workmanship, material, construction or design from any cause.
- 2) loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.
- 3) deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
- 4) settling, cracking, shrinking, bulging, or expansion of:

- a) foundations (including any pedestal, pad, platform or other property supporting machinery).
  - b) floors.
  - c) pavements.
  - d) walls.
  - e) ceilings.
  - f) roofs.
- 5) a) changes of temperature damage (except to machinery or equipment); or
- b) changes in relative humidity damage,
- all whether atmospheric or not.
- 6) insect, animal or vermin damage.
- 7) loss or damage to the interior portion of buildings under construction from rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls and windows of such buildings has not been completed.
- D. This Policy excludes the following unless directly resulting from other physical damage not excluded by this Policy:
- 1) Contamination, and any cost due to Contamination including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy. If Contamination due only to the actual not suspected presence of Contaminant(s) directly results from other physical damage not excluded by this Policy then only physical damage caused by such Contamination may be insured. This exclusion D1 does not apply to radioactive contamination which is excluded elsewhere in this Policy.
  - 2) shrinkage.
  - 3) changes in color, flavor, texture or finish.

References and Application: The following term(s) wherever used in this Policy means:

- 1) Contamination:

Any condition of property due to the actual or suspected presence of any foreign substance, impurity, pollutant, hazardous material, poison, toxin, pathogen or pathogenic organism, bacteria, virus, disease causing or illness causing agent, fungus, mold or mildew.

2) Contaminant:

Anything that causes Contamination.

## **LOSS ADJUSTMENT AND SETTLEMENT - SECTION C**

### **1. LOSS ADJUSTMENT/PAYABLE**

Loss, if any, will be adjusted with and payable to <Fill-In>, or as may be directed by <Fill-In>. Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee in the Certificates of Insurance on file with the Company or named below.

### **2. CURRENCY FOR LOSS PAYMENT**

Losses will be adjusted and paid in the currency of the United States of America, except in Canada where losses will be paid in Canadian currency, unless directed otherwise by the Insured.

### **3. VALUATION**

Adjustment of the physical loss amount under this Policy will be computed as of the date of loss at the location of the loss, and for no more than the interest of the Insured, subject to the following:

- A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- B. On finished goods manufactured by the Insured, the regular cash selling price at the Location where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- C. On raw materials, supplies and other merchandise not manufactured by the Insured:
  - 1) if repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or
  - 2) if not repaired or replaced, the Actual Cash Value.
- D. On exposed films, records, manuscripts and drawings, that are not Valuable Papers and Records, the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.
- E. On data, programs or software stored on electronic data processing or production equipment: the cost of transferring data, programs or software from back up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.
- F. On property that is damaged by fire and such fire is the result of Terrorism and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the Actual Cash Value.



G. On all other property, the loss amount will not exceed the lesser of the following:

- 1) The cost to repair.
- 2) The cost to rebuild or replace on the same site with new materials of like size, kind and quality.
- 3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss.
- 4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss.
- 5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
- 6) The increased cost of demolition, if any, resulting from loss covered by this Policy, if such property is scheduled for demolition.
- 7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the Insured's expense.
- 8) The Actual Cash Value if such property is:
  - a) useless to the Insured; or
  - b) not repaired, replaced or rebuilt on the same or another site within two years from the date of loss.

The Insured may elect not to repair or replace the insured real and/or personal property lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at an Insured Location under this Policy. This item does not extend to DEMOLITION AND INCREASED COST OF CONSTRUCTION.

References and Application. The following term(s) wherever used in this Policy means:

- a) Actual Cash Value:

The amount it would cost to repair or replace insured property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

#### 4. LOSS CONDITIONS

##### A. REQUIREMENTS IN CASE OF LOSS

The Insured will:

- 1) give immediate written notice to the Company of any loss.
- 2) protect the property from further loss or damage.
- 3) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed.
- 4) give a signed and sworn proof of loss to the Company within 90 days after the loss, unless that time is extended in writing by the Company. The proof of loss must state the knowledge and belief of the Insured as to:
  - a) the time and origin of the loss.
  - b) the Insured's interest and that of all others in the property.
  - c) the Actual Cash Value and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property.
  - d) any changes in the title, use, occupation, location, possession or exposures of the property since the effective date of this Policy.
  - e) by whom and for what purpose any location insured by this Policy was occupied on the date of loss, and whether or not it then stood on leased ground.
- 5) include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- 6) further, the Insured, will as often as may be reasonably required:
  - a) exhibit to any person designated by the Company all that remains of any property;
  - b) submit to examination under oath by any person designated by the Company and sign the written records of examinations; and
  - c) produce for examination at the request of the Company:
    - (i) all books of accounts, business records, bills, invoices and other vouchers; or

(ii) certified copies if originals are lost,

at such reasonable times and places that may be designated by the Company or its representative and permit extracts and machine copies to be made.

**B. COMPANY OPTION**

The Company has the option to take all or any part of damaged property at the agreed or appraised value. The Company must give notice to the Insured of its intention to do so within 30 days after receipt of proof of loss.

**C. ABANDONMENT**

There may be no abandonment of any property to the Company.

**D. SUBROGATION**

The Insured is required to cooperate in any subrogation proceedings. The Company may require from the Insured an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Company's payment.

The Company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the Insured in the proportion that the amount of:

1) any applicable deductible; and/or

2) any provable uninsured loss,

bears to the entire provable loss amount.

**E. APPRAISAL**

If the Insured and the Company fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser after:

1) the Insured has fully complied with all provisions of this Policy, including REQUIREMENTS IN CASE OF LOSS; and

2) the Company has received a signed and sworn proof of loss from the Insured.

Each will notify the other of the appraiser selected within 20 days of such demand.

The appraisers will first select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 30 days then, on the request of the Insured or the Company, the umpire will be selected by a judge of a court of record

in the jurisdiction in which the appraisal is pending. The appraisers will then appraise the amount of loss, stating separately the Actual Cash Value and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for TIME ELEMENT loss, the amount of loss for each TIME ELEMENT coverage of this Policy.

If the appraisers fail to agree, they will submit their differences to the umpire. An award agreed to in writing by any two will determine the amount of loss.

The Insured and the Company will each:

- 1) pay its chosen appraiser; and
- 2) bear equally the other expenses of the appraisal and umpire.

A demand for APPRAISAL shall not relieve the Insured of its continuing obligation to comply with the terms and conditions of this Policy, including as provided under REQUIREMENTS IN CASE OF LOSS.

The Company will not be held to have waived any of its rights by any act relating to appraisal.

#### **F. SUIT AGAINST THE COMPANY**

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless:

- 1) the Insured has fully complied with all the provisions of this Policy; and
- 2) legal action is started within twelve months after inception of the loss.

If under the insurance laws of the jurisdiction in which the property is located, such twelve months' limitation is invalid, then any such legal action needs to be started within the shortest limit of time permitted by such laws.

### **5. SETTLEMENT OF CLAIMS**

The amount of loss, except for ACCOUNTS RECEIVABLE coverage, for which the Company may be liable will be paid within 30 days after:

- A. proof of loss as described in this Policy is received by the Company; and
- B. when a resolution of the amount of loss is made either by:
  - 1) written agreement between the Insured and the Company; or
  - 2) the filing with the Company of an award as provided in the APPRAISAL clause of this section.

**6. COLLECTION FROM OTHERS**

The Company will not be liable for any loss to the extent that the Insured has collected for such loss from others.

**7. PARTIAL PAYMENT OF LOSS SETTLEMENT**

In the event of a loss occurring which has been ascertained to be insured loss or damage under this Policy and determined by the Company's representatives to be in excess of the applicable Policy deductible, the Company will advance mutually agreed upon partial payment(s) on the insured loss or damage, subject to the Policy's provisions. To obtain said partial payments, the Insured will submit a signed and sworn Proof of Loss as described in this Policy, with adequate supporting documentation.

## **GENERAL PROVISIONS - SECTION D**

### **1. ADDITIONAL INSURABLE INTERESTS/CERTIFICATES OF INSURANCE**

Additional insured interests are automatically added to this Policy as their interest may appear when named as additional named insured, lender, mortgagee and/or loss payee in the Certificates of Insurance on a schedule on file with the Company. Such interests become effective on the date shown in the Certificate of Insurance and will not amend, extend or alter the terms, conditions, provisions and limits of this Policy.

### **2. CANCELLATION/NON-RENEWAL**

This Policy may be:

- A. cancelled at any time at the request of the Insured by surrendering this Policy to the Company or by giving written notice to the Company stating when such cancellation will take effect; or
- B. cancelled by the Company by giving the Insured not less than:
  - 1) 60 days' written notice of cancellation; or
  - 2) 10 days' written notice of cancellation if the Insured fails to remit, when due, payment of premium for this Policy; or
- C. non-renewed by the Company by giving the Insured not less than 60 days' written notice of non-renewal.

Return of any unearned premium will be calculated on the customary short rate basis if the Insured cancels and on a pro-rata basis if the Company cancels this Policy. Return of any unearned premium will be made by the Company as soon as practicable.

### **3. INSPECTIONS**

The Company, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property.

The Company's:

- A. right to make inspections;
- B. making of inspections; or
- C. analysis, advice or inspection report,

will not constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that the insured property is safe or healthful. This Company will have no liability to the Insured or any other person because of any inspection or failure to inspect.

When the Company is not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

#### **4. PROVISIONS APPLICABLE TO SPECIFIC JURISDICTIONS**

- A. If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy will be read so as to eliminate such conflict or deemed to include such provisions for Insured Locations within such jurisdictions.
- B. The Company will provide to the Insured copies of endorsements mandated for use by the laws of provinces in Canada. The endorsements modify this Policy with respect to any insured property located in the province in which the endorsement applies.
- C. The Company will provide to the Insured copies of endorsements mandated for use by the laws of states in the United States of America. The endorsements modify this Policy with respect to any insured property located in the state in which the endorsement applies.
- D. As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico any recovery under this Policy for any insured loss or damage from acts of terrorism, as covered under this Policy, may be partially reimbursed by the United States Government in accordance with the Terrorism Risk Insurance Act of 2002. Reimbursement by the United States Government will be under a formula established by Federal Law.

#### **5. LIBERALIZATION**

If during the period that insurance is in force under this Policy, any filed rules or regulations affecting the same are revised by statute so as to broaden the insurance without additional premium charge, such extended or broadened insurance will inure to the benefit of the Insured within such jurisdiction, effective the date of the change specified in such statute.

#### **6. MISREPRESENTATION AND FRAUD**

This entire Policy will be void if, whether before or after a loss, an Insured has:

- A. willfully concealed or misrepresented any material fact or circumstance concerning this insurance, the subject thereof, any insurance claim, or the interest of an Insured.
- B. made any attempt to defraud the Company.
- C. made any false swearing.



## **7. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS**

- A. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
- B. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:
  - 1) any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
  - 2) foreclosure, notice of sale, or similar proceedings with respect to the property.
  - 3) change in the title or ownership of the property.
  - 4) change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

- C. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
  - 1) sooner terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action by the Lender or Mortgagee, or its agent.
  - 2) this Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
- D. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice 60 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.

- E. The Company has the right to invoke this Policy's SUSPENSION clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Company will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- F. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.
- G. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Policy relating to APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE COMPANY.
- H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

## **8. OTHER INSURANCE**

- A. If there is any other insurance that would apply in the absence of this Policy, this Policy will apply only after such insurance whether collectible or not.
- B. In no event will this Policy apply as contributing insurance.
- C. The Insured is permitted to have other insurance over any limits or sublimits of liability specified elsewhere in this Policy without prejudice to this Policy. The existence of any such insurance will not reduce any limit or sublimit of liability in this Policy. Any other insurance that would have provided primary coverage in the absence of this Policy will not be considered excess.
- D. The Insured is permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such other insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible, this Policy's insurance will apply only after such other insurance has been exhausted.
- E. In the event this Policy is deemed to contribute with other insurance, the limit of liability applicable at each Location, for purposes of such contribution with other insurers, will be the latest amount described in this Policy or the latest Location value on file with the Company.

- F. When this Policy includes property in more than one jurisdiction, separate policies underlying this Policy may be issued by the Company in compliance with jurisdictional requirements. Such underlying policies will not be considered as additional insurance, but as duplicate insurance only.

## **9. POLICY MODIFICATION**

This Policy contains all of the agreements between the Insured and the Company concerning this insurance. The Insured and the Company may request changes to this Policy. This Policy can be changed only by endorsements issued by the Company and made a part of this Policy.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- A. create a waiver, or change any part of this Policy; or
- B. prevent the Company from asserting any rights under the provisions of this Policy.

## **10. REDUCTION BY LOSS**

Claims paid under this Policy will not reduce its limit of liability, except claims paid will reduce any Policy Year Aggregate Limit of Liability.

## **11. SUSPENSION**

On discovery of a dangerous condition, the Company may immediately suspend this insurance on any machine, vessel or part thereof by giving written notice to the Insured. The suspended insurance may be reinstated by the Company. Any unearned premium resulting from such suspension will be returned by the Company.

## **12. TITLES**

The titles in this Policy are only for reference. The titles do not in any way affect the provisions of this Policy.

## SERVICE INTERRUPTION PROPERTY DAMAGE ENDORSEMENT

When Service Interruption Property Damage coverage is included in this Policy:

Add Service Interruption Property Damage to Table of Contents  
Add Service Interruption Property Damage Coverage to Section B under  
ADDITIONAL COVERAGES

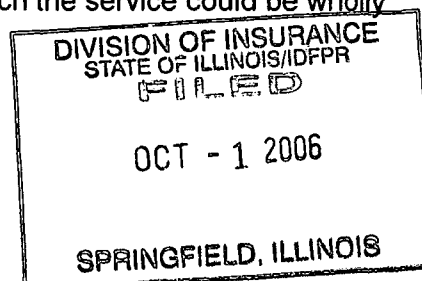
### SERVICE INTERRUPTION PROPERTY DAMAGE

- 1) This Policy covers physical loss or damage to insured property at an Insured Location or as MISCELLANEOUS PERSONAL PROPERTY when such physical loss or damage results from the interruption of the specified incoming services consisting of [describe the service] or from the lack of outgoing [describe the service] service by reason of any [accidental physical loss or damage] [accidental occurrence] to the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.
- 2) This Additional Coverage will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.
- 3) The exclusions in the EXCLUSIONS clause of this section do not apply to SERVICE INTERRUPTION coverage except for A1, A2, A3, A6, B1, B2, B6, and D1 except with respect to fungus, mold or mildew. In addition, as respects SERVICE INTERRUPTION PROPERTY DAMAGE, the following exclusion applies:

This Policy does not insure against:

1. Earth Movement in California, Hawaii, Alaska and Puerto Rico.
- 4) Additional General Provisions:
  - a) The Insured will immediately notify the suppliers of services of any interruption of such services.
  - b) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.
- 5) References and Application: the following term means:
  - a) Period of Service Interruption:

The period starting with the time when an interruption of specific services occurs; and ending when with due diligence and dispatch the service could be wholly restored.



## VALUABLE PAPERS AND RECORDS ENDORSEMENT

When Valuable Papers and Records coverage is included in this Policy:

Add Valuable Papers and Records to Table of Contents  
Remove Item B of Property Excluded in Section B  
Add Valuable Papers and Records Coverage to Section B under Additional Coverages  
Remove Item D under Valuation clause  
Add Valuation to Section B under Valuation clause

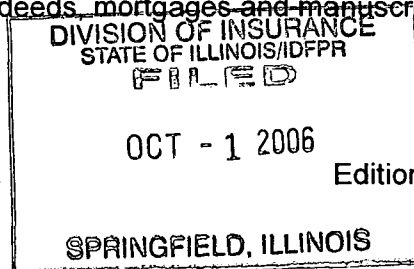
### VALUABLE PAPERS AND RECORDS

This Policy covers insured physical loss or damage to VALUABLE PAPERS AND RECORDS while anywhere within this Policy's TERRITORY, including while in transit.

- 1) This Additional Coverage excludes loss or damage to:
  - a) property described in References and Application below, if such property cannot be replaced with other of like kind and quality, unless specifically declared to the Company.
  - b) currency, money or securities.
  - c) property held as samples or for sale or for delivery after sale.
- 2) VALUABLE PAPERS AND RECORDS Exclusions: The exclusions in the EXCLUSIONS clause of this section do not apply to VALUABLE PAPERS AND RECORDS coverage except for A1, A2, A6, A7, B1, B2, B3a, B5 and B6. In addition, as respects VALUABLE PAPERS AND RECORDS the following exclusions apply:

This Policy excludes:

- a) errors or omissions in processing, or copying, all unless physical damage not excluded by this Policy results, in which event, only resulting damage is insured.
  - b) deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
  - c) fungus, mold or mildew; all unless directly resulting from other physical damage not excluded by this Policy.
- 3) References and Application. The following term(s) wherever used in this Policy means:
  - a) Valuable Papers and Records:
    - (i) Written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured.



## VALUATION

- A. On VALUABLE PAPERS AND RECORDS, the lesser of the following:
  - a) The cost to repair or restore the item to the condition that existed immediately prior to the loss.
  - b) The cost to replace the item.
  - c) The amount designated for the item on the schedule on file with the Company.
- B. On exposed films, records, manuscripts and drawings, that are not Valuable Papers and Records: the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.

## SERVICE INTERRUPTION ENDORSEMENT

When Service Interruption Time Element coverage is included in this Policy:

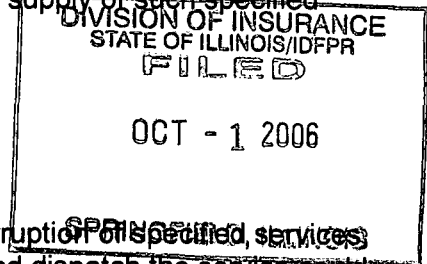
Add Service Interruption Time Element to Table of Contents  
Add Service Interruption Time Element Coverage to Section B under Time Element Coverage Extension

### SERVICE INTERRUPTION TIME ELEMENT

- 1) This Policy covers the Actual Loss Sustained by the Insured during the Period of Service Interruption at an Insured Location when the loss is caused by the interruption of incoming services consisting of [describe the service] or from the lack of outgoing [describe the service] service by reason of any [accidental physical loss or damage] [accidental occurrence] to the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.
- 2) This Extension will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.
- 3) The exclusions in the EXCLUSIONS clause of the PROPERTY DAMAGE section do not apply to SERVICE INTERRUPTION TIME ELEMENT coverage except for A1, A2, A3, A6, B1, B2, B6, and D1 except with respect to fungus, mold or mildew. In addition, as respects SERVICE INTERRUPTION TIME ELEMENT, the following exclusion applies:

This Policy does not insure against:

1. Earth Movement in California, Hawaii, Alaska and Puerto Rico.
- 4) Additional General Provisions:
  - a) The Insured will immediately notify the suppliers of services of any interruption of such services.
  - b) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.
- 5) References and Application: The following term(s) means:
  - a) Period of Service Interruption:
    - (i) The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored [and the Location receiving the service could or would have resumed normal operations following the restoration of service under the same or equivalent physical and operating conditions as provided by the PERIOD OF LIABILITY clause in this section.]





- (ii) The Period of Service Interruption is limited to only those hours during which the Insured would or could have used services(s) if it had been available.
- (iii) The Period of Service Interruption does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

## INGRESS/EGRESS ENDORSEMENT

When Ingress/Egress coverage is included in this Policy:

Add Ingress/Egress to Table of Contents  
Add Ingress/Egress Coverage to Section C under TIME ELEMENT COVERAGE  
EXTENSIONS

### INGRESS/EGRESS

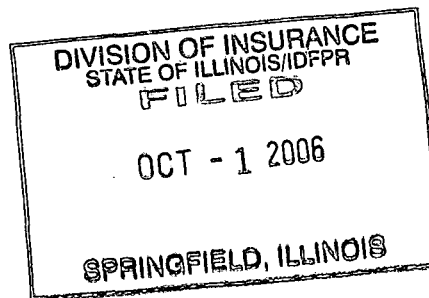
This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured due to the necessary interruption of the Insured's business due to physical prevention of ingress to or egress from an Insured Location, whether or not the premises or property of the Insured is damaged, provided that such prevention is a direct result of physical damage of the type insured by this Policy, to the kind of property not excluded by this Policy.

INGRESS/EGRESS Exclusions: As respects INGRESS/EGRESS, the following exclusions are applicable:

This Policy does not insure loss resulting from:

- 1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and voice, data or video.
- 2) picketing or other action by strikers except for physical damage not excluded by this Policy.
- 3) physical loss or damage caused by or resulting from Terrorism, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to loss.

This Policy does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.



## **DECONTAMINATION COSTS ENDORSEMENT**

When Decontamination Costs coverage is included in this Policy:

Add Decontamination Costs to Table of Contents

Add Decontamination Costs Coverage under ADDITIONAL COVERAGES of Section B

### **DECONTAMINATION COSTS**

If insured property is contaminated as a direct result of physical damage insured by this Policy and there is in force at the time of the loss any law or ordinance regulating Contamination, due to the actual not suspected presence of Contaminant(s), then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of insured property so contaminated as a direct result of insured physical damage.

The Company is not liable for the costs required for removing contaminated uninsured property nor the Contaminant therein or thereon, whether or not the Contamination results from an insured event.

## **TERRORISM ENDORSEMENT**

When Terrorism coverage is included in this Policy:

Add TERRORISM to Table of Contents

Add limit of liability for TERRORISM under Limit of Liability in the LIMITS OF LIABILITY clause in Section A

Add TERRORISM Coverage under ADDITIONAL COVERAGES of Section B

Revise item F of VALUATION clause of Section C

### **TERRORISM**

This Policy covers physical loss or damage caused by or resulting from Terrorism only at locations as specifically described on the Schedule of Locations but not including Miscellaneous Unnamed Locations.

Any act which satisfies the definition of Terrorism provided in item B2f of the EXCLUSIONS clause in this section of the Policy, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.

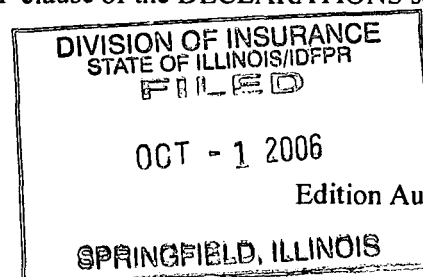
Amounts recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.

This Additional Coverage and the Actual Cash Value portion of the fire damage resulting from Terrorism attaches to TIME ELEMENT loss as provided in the Time Element section of this Policy. This Additional Coverage does not cover loss or damage which also comes within the terms of item B2a or B2c of the EXCLUSIONS clause in this section of the Policy.

This Additional Coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- 2) That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 3) In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or
- 4) That involves action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.



**VALUATION**

Item F of the VALUATION clause is amended to read as follows:

- F. On property that is damaged by fire and such fire is the result of Terrorism and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the Actual Cash Value for any portion of the fire damage loss which exceeds the limit of liability shown in the Section A for TERRORISM coverage.

## **SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT**

### **Coverage for "Certified Act of Terrorism" Under The Terrorism Risk Insurance Act of 2002**

In consideration of a premium charged of \$ <Fill-In>, this Policy, subject to the terms and conditions therein and in this Endorsement, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.

It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein.

This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy. Nor does the coverage provided by this Endorsement insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

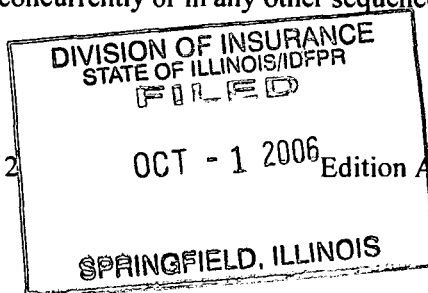
With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act).

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Endorsement or the Policy.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 90% (85% in 2007) of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The premium charged for this coverage is provided above.

The coverage provided by this Endorsement only applies to a Certified Act of Terrorism.

The coverage provided by this Endorsement does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:



1. that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act; or
4. that involves action taken to prevent, defend against, respond to or retaliate against a Certified Act of Terrorism or a suspected Certified Act of Terrorism.

Reference and Application: The following term(s) means:

**Certified Act of Terrorism:**

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005. The criteria contained in that Act for a "Certified Act of Terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.



**SPECIAL ILLINOIS ENDORSEMENT**

It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:

The provision CANCELLATION/NONRENEWAL is replaced by:

**CANCELLATION**

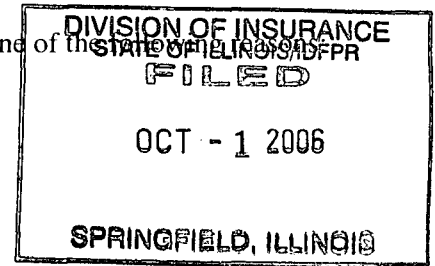
This Policy may be cancelled at any time at the request of the Insured in which case the Company shall upon demand and surrender of this Policy, refund the excess of paid premium above the customary short rates for the expired time.

This Policy is subject to cancellation by the Company as follows:

The Company will give not less than 30 days' written notice of cancellation if this Policy has been in effect for 60 days or less, or not less than 60 days written notice of cancellation if this Policy has been in effect for 61 days or more, or not less than 60 days' written notice of intention not to renew. All such notices shall include a specific explanation of the reason or reasons for cancellation. Such notices shall be sent to the named Insured by certified mail and copies thereof shall be sent to the agent of record and/or the Insured's broker, if known, and to the mortgagee or lienholder as named in this Policy at the Insured's last known address. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of premium for such policy, by mailing the Insured notice of cancellation at least 10 days before the effective date of cancellation.

After this Policy has been in effect for 60 days, it may be cancelled only for one of the following:

- (a) Nonpayment of premium;
- (b) This Policy was obtained through a material misrepresentation;
- (c) Any Insured violated any of the terms and conditions of this Policy;
- (d) The risk originally accepted has measurably increased;
- (e) Certification to the Director of the loss of reinsurance by the Company which provided coverage to the Company for all or a substantial part of the underlying risk insured; or
- (f) A determination by the Director that the continuation of this Policy could place the Company in violation of the insurance laws of this State.



Return of any unearned premium will be calculated on a pro-rata basis if the Company cancels this Policy.

**NONRENEWAL** Should the Company fail to give at least 60 days' notice prior to expiration of intention not to renew, but:

- (a) Give at least 31 days notice, this Policy shall be extended for a period of 60 days or until the effective date of any similar insurance procured by the Insured, whichever is less, on the same terms and conditions as the policy sought to be terminated; or
- (b) Give less than 31 days notice, this Policy shall be extended for a period of one year or until the effective date of any similar insurance procured by the Insured, whichever is less, on the same terms and conditions as the policy sought to be terminated unless the Company has manifested its willingness to renew at a premium which represents an increase not exceeding 30%.

The Company shall provide a specific explanation of the reasons for nonrenewal.

Renewal of this Policy does not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

The provision SUIT AGAINST THE COMPANY is replaced by:

#### SUIT AGAINST THE COMPANY

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless:

- a. The Insured has fully complied with all the provisions of this Policy; and
- b. Legal action is started within twelve months after inception of the loss, extended by the number of days between the date the proof of loss was filed until the date the claim is denied in whole or in part.

The provision OTHER INSURANCE is replaced by:

#### OTHER INSURANCE

- A. If there is any other insurance that would apply in the absence of this Policy, this Policy will apply only after such insurance whether collectible or not.
- B. The Insured is permitted to have other insurance over any limits of liability specified in this Policy without prejudice to this Policy. The existence of such insurance will not reduce any limit of liability in this Policy. Any other insurance that would have provided primary coverage in the absence of this Policy will not be considered excess.
- C. The Insured is permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible: this Policy will apply only after such other insurance has been exhausted.
- D. If this Policy is deemed to contribute with other insurance; the limit of liability applicable at each Location, for purposes of such contribution with other insurers, will be the latest amount described in this Policy; or, the latest Location value on file with the Company.
- E. This Policy may include property in more than one jurisdiction. Separate policies underlying this Policy may be issued by the Company in compliance with jurisdictional requirements. Such underlying policies will not be considered as additional insurance. They will be only duplicate insurance.

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG7192S Endorsement Comparison

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Form FMG7192S Ed. 5/06

Form FMG7192S Ed. 8/06

**SUPPLEMENTAL UNITED STATES  
CERTIFIED ACT OF TERRORISM ENDORSEMENT  
STATE OF ILLINOIS**

It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:

**Coverage for "Certified Act of Terrorism" Under The Terrorism Risk Insurance Act of 2002**

In consideration of a premium charged of \$ <Fill-In>, this Policy, subject to the terms and conditions therein and in this Endorsement, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.

It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein.

This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the

**SUPPLEMENTAL UNITED STATES  
CERTIFIED ACT OF TERRORISM ENDORSEMENT  
STATE OF ILLINOIS**

It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:

**Coverage for "Certified Act of Terrorism" Under The Terrorism Risk Insurance Act of 2002**

In consideration of a premium charged of \$ <Fill-In>, this Policy, subject to the terms and conditions therein and in this Endorsement, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.

It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein.

This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the

## FACTORY MUTUAL INSURANCE COMPANY

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FMG7192S Endorsement Comparison

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DECLARATIONS section of this Policy. Nor does the coverage provided by this Endorsement insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act).

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 90% (85% in 2007) of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The Premium charged for this coverage is provided above.

The coverage provided by this endorsement only applies to a Certified Act of Terrorism.

The coverage provided by this Endorsement does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

1. that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such

DECLARATIONS section of this Policy. Nor does the coverage provided by this Endorsement insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act).

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 90% (85% in 2007) of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The Premium charged for this coverage is provided above.

The coverage provided by this endorsement only applies to a Certified Act of Terrorism.

The coverage provided by this Endorsement does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- 2) that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 3) in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any

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materials; or

4. that involves action taken to prevent, defend against, respond to or retaliate against a Certified Act of Terrorism or a suspected Certified Act of Terrorism.

Reference and Application: The following term(s) means:

Certified Act of Terrorism:

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005. The criteria contained in that Act for a "certified act of terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

However, if the act resulted in aggregate losses less than \$5,000,000 and that act met the criteria set forth in the above paragraph b. of the definition of "certified act of terrorism", such losses are covered under the terms and conditions of the Policy to which this endorsement is attached.

nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or

- 4) that involves action taken to prevent, defend against, respond to or retaliate against a Certified Act of Terrorism or a suspected Certified Act of Terrorism.

Reference and Application: The following term(s) means:

Certified Act of Terrorism:

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005. The criteria contained in that Act for a "certified act of terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

However, if the act resulted in aggregate losses less than \$5,000,000 and that act met the criteria set forth in the above paragraph b. of the definition of "certified act of terrorism", such losses are covered under the terms and conditions of the Policy to which this endorsement is attached.



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Form FMG7193S Ed. 5/06	Form FMG7193S Ed. 8/06
<p style="text-align: center;"><b>SUPPLEMENTAL UNITED STATES NON CERTIFIED ACT OF TERRORISM ENDORSEMENT STATE OF ILLINOIS</b></p> <p>It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:</p> <p><b>Coverage for “Non Certified Act(s) of Terrorism” Losses</b></p> <p>With respect to Locations in the United States, its territories and possessions and Puerto Rico, the definition of a “Non Certified Act of Terrorism” contained in this endorsement will apply in place of the definition of Terrorism contained in Terrorism Exclusion, item B.2) f) of this Policy. All other terms and conditions in this Policy continue to apply.</p> <p>With respect to all other locations, the term “Terrorism” wherever it appears in this Policy shall continue to apply.</p> <p>It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.</p> <p>When the industry wide total of insured loss or damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada, caused by or resulting from a Non Certified Act of Terrorism as defined herein, is \$25,000,000 or less, (hereinafter referred to as the “\$25,000,000 threshold”) determined as set forth herein, the terms and conditions of this endorsement will apply. However, when the total of insured loss or damage exceeds the</p>	<p style="text-align: center;"><b>SUPPLEMENTAL UNITED STATES NON CERTIFIED ACT OF TERRORISM ENDORSEMENT STATE OF ILLINOIS</b></p> <p>It is agreed with respect to any insured location in the State of Illinois that this Policy is amended:</p> <p><b>Coverage for “Non Certified Act(s) of Terrorism” Losses</b></p> <p>With respect to Locations in the United States, its territories and possessions and Puerto Rico, the definition of a “Non Certified Act of Terrorism” contained in this endorsement will apply in place of the definition of Terrorism contained in Terrorism Exclusion, item B.2) f) of this Policy. All other terms and conditions in this Policy continue to apply.</p> <p>With respect to all other locations, the term “Terrorism” wherever it appears in this Policy shall continue to apply.</p> <p>It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.</p> <p>When the industry wide total of insured loss or damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada, caused by or resulting from a Non Certified Act of Terrorism as defined herein, is \$25,000,000 or less, (hereinafter referred to as the “\$25,000,000 threshold”) determined as set forth herein, the terms and conditions of this endorsement will apply. However, when the total of insured loss or damage exceeds the</p>

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\$25,000,000 threshold, determined as set forth herein, this endorsement shall not apply, and all terms, conditions, limits and exclusions of this Policy and any endorsements attached thereto with respect to Terrorism, as defined in this Policy shall apply.

In determining whether the \$25,000,000 threshold, is exceeded, the Company will include all insured damage sustained by property of all persons and entities affected by the terrorism and all insured time element losses. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

If the \$25,000,000 threshold is not exceeded, this Policy as amended by this endorsement, and subject to the terms and conditions of this Policy and this endorsement, and notwithstanding any terms and conditions in this Policy specifically excluding acts of Terrorism, covers direct physical loss or damage to insured property and any resulting loss covered by the terms of any time element coverage, or any extension of such coverage (if such endorsement or extension are provided by this Policy), caused by or resulting from a Non Certified Act of Terrorism as defined herein. In the event loss is recoverable under this endorsement, this endorsement will be subject to the Limits of Liability in the Declarations (except for the application of the Terrorism Coverage Limit but in no event to exceed \$25,000,000 for all loss or damage), and will be subject to any applicable deductible.

This endorsement does not apply to and does not provide any coverage for any Non Certified Act of Terrorism:

- a) That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b) That is carried out by means of the dispersal or application of pathogenic or poisonous biological and chemical materials; or
- c) In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the act was to release such materials; or
- d) That involves action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

\$25,000,000 threshold, determined as set forth herein, this endorsement shall not apply, and all terms, conditions, limits and exclusions of this Policy and any endorsements attached thereto with respect to Terrorism, as defined in this Policy shall apply.

In determining whether the \$25,000,000 threshold, is exceeded, the Company will include all insured damage sustained by property of all persons and entities affected by the terrorism and all insured time element losses. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

If the \$25,000,000 threshold is not exceeded, this Policy as amended by this endorsement, and subject to the terms and conditions of this Policy and this endorsement, and notwithstanding any terms and conditions in this Policy specifically excluding acts of Terrorism, covers direct physical loss or damage to insured property and any resulting loss covered by the terms of any time element coverage, or any extension of such coverage (if such endorsement or extension are provided by this Policy), caused by or resulting from a Non Certified Act of Terrorism as defined herein. In the event loss is recoverable under this endorsement, this endorsement will be subject to the Limits of Liability in the Declarations (except for the application of the Terrorism Coverage Limit but in no event to exceed \$25,000,000 for all loss or damage), and will be subject to any applicable deductible.

This endorsement does not apply to and does not provide any coverage for any Non Certified Act of Terrorism:

- a) that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b) that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c) in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or



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<p>Multiple Non Certified Acts of Terrorism, or multiple acts of Terrorism, which occur within a 72 hour period will be deemed to be one act.</p> <p>As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.</p> <p>The coverage afforded by this endorsement and any other Terrorism coverage provided in the Policy are mutually exclusive, and any coverage provided by this endorsement and any other Terrorism coverage provided in this Policy do not apply to the same act and are not additive.</p> <p>Coverage under this endorsement does not apply to any element of loss or damage that is otherwise excluded under this Policy.</p> <p>The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy.</p> <p>Reference and Application: The following term(s) means:</p> <p>Non Certified Act of Terrorism</p> <p>A "Non Certified Act of Terrorism" means an act that involves a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002.</p>	<p>radioactive force, whether in time of peace or war and regardless of who commits the act; or</p> <p>d) that involves action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.</p> <p>Multiple Non Certified Acts of Terrorism, or multiple acts of Terrorism, which occur within a 72 hour period will be deemed to be one act.</p> <p>As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.</p> <p>The coverage afforded by this endorsement and any other Terrorism coverage provided in the Policy are mutually exclusive, and any coverage provided by this endorsement and any other Terrorism coverage provided in this Policy do not apply to the same act and are not additive.</p> <p>Coverage under this endorsement does not apply to any element of loss or damage that is otherwise excluded under this Policy.</p> <p>The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy.</p> <p>Reference and Application: The following term(s) means:</p> <p>Non Certified Act of Terrorism</p> <p>A "Non Certified Act of Terrorism" means an act that involves a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002.</p>
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Policy FMG3000 Comparison

Note: on the attached comparison, only revisions are shown. If there is no change in the policy wording, then the comparison shows a notation of "Same."

The following pages in the comparison show wording changes: 2, 3, 4, 10, 11, 13, 16, 17, 18, and 21.

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<u>FMG3000, Edition 1/05</u>	<u>FMG3000, Edition 8/06</u>
<b>DECLARATIONS - SECTION A</b>	
<b>1. NAMED INSURED AND MAILING ADDRESS</b>	Same
<b>2. POLICY DATES</b>  FROM: TO: TERM:	Same
<b>3. TERRITORY</b>  This Policy covers Insured Locations worldwide except for loss or damage in the following countries:	Same
<b>4. INSURED LOCATION</b>  A. The coverages under this Policy apply to an Insured Location unless otherwise provided.  Insured Location is a location:  <Fill-In - select what applies per the following list  1) scheduled on this Policy.  1) listed on a Schedule of Locations attached to this Policy.  1) listed on a Schedule of Locations on file with the Company.  2) covered as a Miscellaneous Unnamed Location.  3) covered under the terms and conditions of the Automatic Coverage or Errors and Omissions provisions.>  B. References and Application. The following term(s) wherever used in this Policy means:	Same

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- 1) Miscellaneous Unnamed Locations: A Location owned, leased or rented by the Insured, but not specified in the Schedule of Locations.
- 2) Location:
  - a) as specified in the Schedule of Locations, or
  - b) if not so specified in the Schedule of Locations: a Location is a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this References and Application.

**5. CURRENCY**

All amounts, including deductibles, premiums and limits of liability, indicated in the Policy shall be in the currency represented by the three letter currency designation shown. This three letter currency designator is defined in Table A.1-Currency and funds code list, International Standards Organization (ISO) 4217, edition effective at inception of this Policy.

Same

**6. LIMITS OF LIABILITY**

The Company's maximum limit of liability in a single occurrence regardless of the number of Locations or coverages involved will not exceed the Policy limit of liability of USD<Fill-In>, except as follows. When a limit of liability for a Location or other specified property is shown, such limit will be the maximum amount payable for any loss or damage arising from physical loss or damage at such Location or involving such other specified property.

Miscellaneous Unnamed Locations:

If a lesser limit of liability is stated below or elsewhere in this Policy, the lesser limit will

The Company's maximum limit of liability in an Occurrence regardless of the number of Locations or coverages involved, including any insured TIME ELEMENT loss, will not exceed the Policy limit of liability of USD<Fill-In> subject to the following provisions:

- A. limits of liability stated below or elsewhere in this Policy are part of, and not in addition to, the Policy limit of liability.
- B. limits of liability in an Occurrence apply to the total loss or damage at all Locations and for all coverages involved, including any insured TIME ELEMENT loss, subject to the following

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apply. The limits of liability stated below or elsewhere in this Policy are part of and not in addition to the Policy limit of liability.

Limits of liability stated below apply in the aggregate per occurrence for all Locations and coverages involved.

When a limit of liability is shown as applying in the Aggregate During Any Policy Year, the Company's maximum limit of liability will not exceed such limit during any policy year regardless of the number of locations, coverages or occurrences involved.

In the event an occurrence results in liability payable under more than one policy issued to the Named Insured by the Company, or its representative companies, the maximum amount payable in the aggregate under all such policies will be the applicable limit(s) of liability indicated in this Policy regardless of the number of coverages, locations or perils involved.

Limits of Liability

Time Limits

In addition to the time limits shown elsewhere in this Policy, the following apply:

**7. PREMIUM**

This Policy is issued in consideration of an initial premium. If the term of this Policy is longer than one year, for each subsequent year of coverage, premium will be due at the anniversary and will be subject to rules and rates in effect at that time.

**8. PREMIUM PAYABLE**

<Fill-In Name of party paying the premium> pays the premium under this Policy, and any return of the paid premium accruing under this Policy will be paid to the account of <Fill-In same name as above>.

provisions:

- 1) when a limit of liability applies in the Aggregate During Any Policy Year, the Company's maximum amount payable will not exceed such limit of liability during any policy year regardless of the number of Locations, coverages or Occurrences involved.
  - 2) when a limit of liability applies to a Location or other specified property, such limit of liability will be the maximum amount payable for all loss or damage at all Locations arising from physical loss or damage at such Location or to such other specified property.
- C. Should an Occurrence result in liability payable under more than one policy issued to the Named Insured by the Company, or its representative companies, the maximum amount payable in the aggregate under all such policies will be the applicable limit(s) of liability indicated in this Policy regardless of the number of Locations, coverages or perils involved.

Same

Same

Same

Same

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<p><b>9. VALUE REPORTING PROVISIONS</b></p> <p>The Insured will provide the Company 100% values by location.</p> <p>These statement(s) of values are due on the date(s) shown below:</p> <p><b>10. WAITING PERIOD</b></p> <p><b>11. DEDUCTIBLES</b></p> <p>In each case of loss covered by this Policy, the Company will be liable only if the Insured sustains a loss in a single occurrence greater than the applicable deductible specified below, and only for its share of that greater amount.</p> <p>Unless otherwise stated below:</p> <p>A. When this Policy insures more than one location, the deductible will apply against the total loss covered by this Policy in any one occurrence.</p> <p>B. If two or more deductibles provided in this Policy apply to a single occurrence, the total to be deducted will not exceed the largest deductible applicable, unless otherwise provided.</p> <p><u>Policy Deductible(s)</u></p>	<p>Same</p> <p>In each case of loss covered by this Policy, the Company will be liable only if the Insured sustains a loss, including TIME ELEMENT loss, in a single Occurrence greater than the applicable deductible specified below, and only for its share of that greater amount.</p> <p>Unless otherwise stated below:</p> <p>A. When this Policy insures more than one Location, the deductible will apply against the total loss covered by this Policy in an Occurrence except that a deductible that applies on a per Location basis, if specified, will apply separately to each Location where the physical damage occurred regardless of the number of Locations involved in the Occurrence.</p> <p>B. Unless stated otherwise, if two or more deductibles apply to an Occurrence, the total to be deducted will not exceed the largest deductible applicable. If two or more deductibles apply on a per Location basis in an Occurrence the largest deductible applying to each Location will be applied separately to each such Location.</p>
<p><b>PROPERTY DAMAGE - SECTION B</b></p> <p><b>1. PROPERTY INSURED</b></p> <p>This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an Insured Location or within 1,000 feet thereof, to the extent of the interest of the Insured in such property.</p> <p>A. Real Property, including new buildings and additions under construction at an Insured</p>	<p>Same</p> <p>Same</p>

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Location, in which the Insured has an insurable interest.

**B. Personal Property:**

- 1) owned by the Insured.
- 2) consisting of the Insured's interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.
- 3) of officers and employees of the Insured.
- 4) of others in the Insured's custody to the extent the Insured is under obligation to keep insured for physical loss or damage insured by this Policy.
- 5) of others in the Insured's custody to the extent of the Insured's legal liability for physical loss or damage to Personal Property. The Company will defend that portion of any suit against the Insured that alleges such liability and seeks damages for such insured physical loss or damage. The Company may, without prejudice, investigate, negotiate and settle any claim or suit as the Company deems expedient.

This Policy also insures the interest of contractors and subcontractors in insured property during construction at an Insured Location or within 1,000 feet thereof, to the extent of the Insured's legal liability for insured physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Policy.

**2. PROPERTY EXCLUDED**

This Policy excludes:

- A.** currency, money, precious metal in bullion form, notes, or securities.

Same

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<p>B. accounts, bills, deeds, evidences of debt or title.</p> <p>C. fine arts.</p> <p>D. land, water or any other substance in or on land; except this exclusion does not apply to:</p> <ol style="list-style-type: none"> <li>1) land improvements consisting of landscape gardening, roadways and pavements, but not including any fill or land beneath such property.</li> <li>2) water that is contained within any enclosed tank, piping system or any other processing equipment.</li> </ol> <p>E. animals, standing timber, growing crops.</p> <p>F. watercraft or aircraft, except when unfueled and manufactured by the Insured.</p> <p>G. vehicles of officers and employees of the Insured or vehicles otherwise insured for physical loss or damage.</p>	
<p>H. underground mines or mine shafts or any property within such mine or shaft.</p> <p>I. dams and dikes.</p> <p>J. property in transit, except as otherwise provided by this Policy.</p> <p>K. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers, except as provided by the DEFERRED PAYMENTS coverage of this Policy.</p> <p>L. electronic data, programs and software, except when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured or as otherwise provided by the DATA, PROGRAMS OR SOFTWARE coverage of this Policy.</p>	
<p><b>3. ADDITIONAL COVERAGES</b></p>	<p>Same</p>



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This Policy includes the following Additional Coverages for physical loss or damage insured by this Policy.

These Additional Coverages:

- 1) are subject to the applicable limit of liability;
- 2) will not increase the Policy limit of liability; and
- 3) are subject to the Policy provisions, including applicable exclusions and deductibles,

all as shown in this section and elsewhere in this Policy.

**A. AUTOMATIC COVERAGE**

This Policy covers insured property at any Location purchased, leased or rented by the Insured after the inception date of this Policy. This coverage applies from the date of purchase, lease or rental.

This Additional Coverage does not apply to property insured in whole or in part by any other insurance policy. This coverage will apply until whichever of the following occurs first:

- 1) The Location is bound by the Company.
- 2) Agreement is reached that the Location will not be insured under this Policy.
- 3) The Time Limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section has been reached. The Time Limit begins on the date of purchase, lease, or rental.

**B. BRANDS AND LABELS**

If branded or labeled property insured by this Policy is physically damaged and the Company elects to take all or any part of that property, the Insured may at the Company's expense:

- 1) stamp "salvage" on the property or its containers; or

Same

Same

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- 2) remove or obliterate the brands or labels,  
  
if doing so will not damage the property.  
In either event, the Insured must relabel  
such property or its containers to be in  
compliance with any applicable law.

**C. CONSEQUENTIAL REDUCTION IN VALUE**

Same

This Policy covers the reduction in value of insured merchandise that is a part of pairs, sets, or components, directly resulting from physical loss or damage insured by this Policy to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such merchandise to the Company.

**D. DATA, PROGRAMS OR SOFTWARE**

Same

This Policy covers insured Physical Loss Or Damage To Electronic Data, Programs Or Software, including physical loss or damage caused by the malicious introduction of a machine code or instruction, while anywhere within this Policy's TERRITORY, including while in transit.

- 1) With respect to Physical Loss Or Damage caused by the malicious introduction of machine code or instruction, this Additional Coverage will apply when the Period of Liability is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.
- 2) This Additional Coverage also covers the cost of the following reasonable and necessary actions taken by the Insured:
  - a) Actions to temporarily protect and preserve insured electronic data, programs or software;
  - b) Actions taken for the temporary repair of insured Physical Loss Or Damage To Electronic Data, Programs Or Software and to

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expedite the permanent repair or replacement of such damaged property,

provided such actions are taken due to actual insured Physical Loss Or Damage To Electronic Data, Programs Or Software.

3) This Additional Coverage also covers the reasonable and necessary costs incurred by the Insured to temporarily protect or preserve insured electronic data, programs or software against immediately impending insured Physical Loss Or Damage To Electronic Data, Programs Or Software. In the event that the physical loss or damage does not occur, the costs covered under this item 3 will be subject to the deductible that would have applied if the physical loss or damage had occurred.

4) Costs recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.

5) This Additional Coverage excludes loss or damage to data, programs or software when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured.

6) DATA, PROGRAMS OR SOFTWARE Exclusions: The exclusions in the EXCLUSIONS clause of this section do not apply to DATA, PROGRAMS OR SOFTWARE except for A1, A2, A6, B1, B2, B3a, B4 and B5. In addition as respects DATA, PROGRAMS OR SOFTWARE the following exclusions apply:

This Policy does not insure:

a) errors or omissions in processing, or copying; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.

b) loss or damage to data, programs or

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software from errors or omissions in programming or machine instructions; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.

- c) deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.

- 7) References and Application. The following term(s) means:

- a) Physical Loss Or Damage To Electronic Data, Programs Or Software:

The destruction, distortion or corruption of electronic data, programs or software.

**E. DEBRIS REMOVAL**

This Policy covers the reasonable and necessary costs incurred to remove debris from an Insured Location that remains as a direct result of physical loss or damage insured by this Policy.

This Additional Coverage does not cover the costs of removal of:

- 1) contaminated uninsured property; or
- 2) the contaminant in or on uninsured property,

whether or not the contamination results from insured physical loss or damage. Contamination includes, but is not limited to, the presence of pollution or hazardous material.

**F. DEMOLITION AND INCREASED COST OF CONSTRUCTION**

- 1) This Policy covers the reasonable and necessary costs incurred, described in

Same

This Additional Coverage does not cover the costs of removal of:

- 1) contaminated uninsured property; or
- 2) the Contaminant in or on uninsured property,

whether or not the Contamination results from insured physical loss or damage. This Additional Coverage shall cover the costs of removal of contaminated insured property or the Contaminant in or on insured property only if the Contamination, due to the actual not suspected presence of Contaminant(s), of the debris resulted directly from other physical damage not excluded by the Policy.

Same

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item 3 below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at an Insured Location, provided:

- a) such law or ordinance is in force on the date of insured physical loss or damage; and
  - b) its enforcement is a direct result of such insured physical loss or damage.
- 2) This Additional Coverage does not cover loss due to any law or ordinance with which the Insured was required to comply had the loss not occurred.
- 3) This Additional Coverage, as respects the property insured in item 1 above, covers:
- a) the cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
  - b) the cost:
    - (i) to demolish the physically undamaged portion of such property insured; and
    - (ii) to rebuild it with materials and in a manner to satisfy such law or ordinance,
- to the extent that such costs result when the demolition of the physically damaged insured property is required to satisfy such law or ordinance.
- 4) This Additional Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of contamination including but not limited to the presence of pollution or hazardous material.

- 4) This Additional Coverage excludes any costs incurred as a direct or indirect result of any laws or ordinances regulating any form of Contamination.

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5) The Company's maximum liability for this Additional Coverage at each Insured Location in any occurrence will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured in item 1 above plus the lesser of:

- a) the reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
- b) the cost of rebuilding on the same site.

**G. ERRORS AND OMISSIONS**

If physical loss or damage is not payable under this Policy solely due to an error or unintentional omission:

- 1) in the description of where insured property is physically located;
- 2) to include any Location:
  - a) owned, leased or rented by the Insured on the effective date of this Policy; or
  - b) purchased, leased or rented by the Insured during the term of this Policy; or
- 3) that results in cancellation of the property insured under this Policy;

this Policy covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this Additional Coverage that any error or unintentional omission be reported by the Insured to the Company when discovered and corrected.

**H. EXPEDITING COSTS**

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to insured property and to expedite the

Same

Same

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permanent repair or replacement of such damaged property.

This Additional Coverage does not cover costs:

- 1) recoverable elsewhere in this Policy; or
- 2) of permanent repair or replacement of damaged property.

**I. LAND AND WATER  
CONTAMINANT OR POLLUTANT  
CLEANUP, REMOVAL AND  
DISPOSAL**

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of contaminants or pollutants from uninsured property consisting of land, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of contaminants or pollutants is a direct result of insured physical loss or damage to insured property.

This Policy does not cover the cost to cleanup, remove and dispose of contaminants or pollutants from such property:

- 1) at any location insured for Personal Property only.
- 2) at any property insured under AUTOMATIC COVERAGE, ERRORS AND OMISSIONS or Miscellaneous Unnamed Location coverage provided by this Policy.
- 3) when the Insured fails to give written notice of loss to the Company within 180 days after inception of the loss.

**J. PROTECTION AND  
PRESERVATION OF PROPERTY**

This Policy covers:

- 1) reasonable and necessary costs incurred for actions to temporarily protect or preserve insured property; provided such actions are necessary due to actual, or to prevent immediately impending, insured

**LAND AND WATER CONTAMINANT  
CLEANUP, REMOVAL AND DISPOSAL**

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of Contaminant(s) from uninsured property consisting of land, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of such Contaminant(s) is a direct result of insured physical loss or damage to insured property.

This Policy does not cover the cost to cleanup, remove and dispose of Contamination from such property:

Same

Same

Same

Same

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physical loss or damage to such insured property.

2) reasonable and necessary:

- a) fire department fire fighting charges imposed as a result of responding to a fire in, on or exposing the insured property.
- b) costs incurred of restoring and recharging fire protection systems following an insured loss.
- c) costs incurred for the water used for fighting a fire in, on or exposing the insured property.

This Additional Coverage does not cover costs incurred for actions to temporarily protect or preserve insured property from actual, or to prevent immediately impending, physical loss or damage covered by TERRORISM coverage as provided in this section of the Policy.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

**K. TEMPORARY REMOVAL OF PROPERTY**

- 1) When insured property is removed from an Insured Location for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type insured by this Policy, this Policy covers such property:

- a) while at the location to which such property has been moved; and
- b) for physical loss or damage as provided at the Insured Location from which such property was removed.

- 2) This Additional Coverage does not apply to property:

- a) insured, in whole or in part,

Same



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elsewhere in this Policy.

- b) insured, in whole or in part, by any other insurance policy.
- c) removed for normal storage, processing or preparation for sale or delivery.

**4. EXCLUSIONS**

Same

The following exclusions apply unless specifically stated elsewhere in this Policy:

**A. This Policy excludes:**

- 1) indirect or remote loss or damage.
- 2) interruption of business, except to the extent provided by this Policy.
- 3) loss of market or loss of use.
- 4) loss or damage or deterioration arising from any delay.
- 5) mysterious disappearance, loss or shortage disclosed on taking inventory, or any unexplained loss.
- 6) loss from enforcement of any law or ordinance:
  - a) regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
  - b) requiring the demolition of any property, including the cost in removing its debris;

except as provided by the  
DECONTAMINATION COSTS and  
DEMOLITION AND INCREASED  
COST OF CONSTRUCTION coverages  
of this section of this Policy.

- 7) loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

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<p>B. This Policy excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:</p> <p>1) nuclear reaction or nuclear radiation or radioactive contamination. However:</p> <p>a) if physical damage by fire or sprinkler leakage results, then only that resulting damage is insured; but not including any loss or damage due to nuclear reaction, radiation or radioactive contamination.</p> <p>b) this Policy does insure physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured Location, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured Location. This coverage does not apply to any act, loss or damage excluded in item B2f of this EXCLUSIONS clause.</p>	
<p>2) a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:</p> <p>(i) government or sovereign power (de jure or de facto);</p> <p>(ii) military, naval or air force; or</p> <p>(iii) agent or authority of any party specified in i or ii above.</p> <p>b) discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.</p>	<p>This exclusion B1 and the exceptions in B1a and B1b do not apply to any act, loss or damage which also comes within the terms of exclusion B2b of this EXCLUSIONS clause.</p> <p>Same</p>

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<p>c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.</p> <p>d) seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.</p> <p>e) risks of contraband, or illegal transportation or trade.</p> <p>f) Terrorism, including action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism, except to the extent provided in the TERRORISM coverage in this section of the Policy. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the Insured), and if the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical loss or damage by fire, then this Policy covers only to the extent of the Actual Cash Value of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to any coverage provided in the TIME ELEMENT section of this Policy or to any other coverages provided by this Policy.</p> <p>Any act which satisfies the definition of Terrorism as provided herein shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.</p>	<p>Same</p> <p>This coverage exception for such resulting fire loss or damage does not apply to:</p> <p>(i) direct loss or damage by fire which results from any other applicable exclusion in the Policy, including the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.</p> <p>(ii) any coverage provided in the TIME ELEMENT section of this Policy or to any other coverages provided in this Policy.</p> <p>Same</p>
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<p>If any act which satisfies the definition of Terrorism as provided herein also comes within the terms of item B2a of this EXCLUSIONS clause then item B2a applies in place of this item B2f exclusion.</p> <p>If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, this item B2f exclusion applies in place of item B1 of this EXCLUSIONS clause.</p>	<p>Same</p> <p>If any act which satisfies the definition of Terrorism as provided herein also comes within the terms of item B2b of this EXCLUSIONS clause then item B2b applies in place of this item B2f exclusion.</p> <p>If any act which satisfies the definition of Terrorism as provided herein also comes within the terms of item B2c of this EXCLUSIONS clause then item B2c applies in place of this item B2f exclusion.</p> <p>Same</p>
<p><b>References and Application.</b></p> <p>The following term wherever used in this Policy means:</p> <p><b>Terrorism:</b></p> <p>Any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,</p> <p>When the effect or apparent purpose is:</p> <ul style="list-style-type: none"> <li>(i) To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or</li> <li>(ii) To further or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.</li> </ul>	

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<p>3) any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:</p> <p>a) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an Insured; or</p> <p>b) by any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by an Insured to do anything in connection with property insured under this Policy.</p> <p>This Policy does insure acts of direct insured physical damage intentionally caused by an employee of an Insured or any individual specified in b above, and done without the knowledge of the Insured. This coverage does not apply to any act excluded in B2f of this EXCLUSIONS clause. In no event does this Policy cover loss by theft by any individual specified in a or b above.</p>	Same
<p>4) lack of the following services:</p> <p>a) incoming electricity, fuel, water, gas, steam, refrigerant;</p> <p>b) outgoing sewerage;</p> <p>c) incoming or outgoing voice, data or video,</p> <p>all when caused by an occurrence off the Insured Location, except as provided in SERVICE INTERRUPTION in the PROPERTY DAMAGE or TIME ELEMENT section of this Policy. But, if the lack of such a service directly causes physical damage insured by this Policy on the Insured Location, then only that resulting damage is insured.</p>	Same
<p>5) Earth Movement.</p>	Same
<p>6) Flood.</p>	Same
<p>C. This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only that resulting damage is</p>	Same

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<p>insured:</p> <ol style="list-style-type: none"> <li>1) faulty workmanship, material, construction or design from any cause.</li> <li>2) loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.</li> <li>3) deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.</li> <li>4) settling, cracking, shrinking, bulging, or expansion of: <ol style="list-style-type: none"> <li>a) foundations (including any pedestal, pad, platform or other property supporting machinery).</li> <li>b) floors.</li> </ol> </li> </ol>	
<ol style="list-style-type: none"> <li>c) pavements.</li> <li>d) walls.</li> <li>e) ceilings.</li> <li>f) roofs.</li> <li>5) a) changes of temperature damage (except to machinery or equipment); or <ol style="list-style-type: none"> <li>b) changes in relative humidity damage, all whether atmospheric or not.</li> </ol> </li> <li>6) insect, animal or vermin damage.</li> <li>7) loss or damage to the interior portion of buildings under construction from rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls and windows of such buildings has not been completed.</li> </ol> <p>D. This Policy excludes the following unless directly resulting from other physical damage not excluded by this Policy:</p>	

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- 1) contamination including but not limited to the presence of pollution or hazardous material.
- 2) shrinkage.
- 3) changes in color, flavor, texture or finish.
- 4) fungus, mold or mildew.

- 1) Contamination, and any cost due to Contamination including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy. If Contamination due only to the actual not suspected presence of Contaminant(s) directly results from other physical damage not excluded by this Policy then only physical damage caused by such Contamination may be insured. This exclusion D1 does not apply to radioactive contamination which is excluded elsewhere in this Policy.

- 2) shrinkage.

- 3) changes in color, flavor, texture or finish.

References and Application: The following term(s) wherever used in this Policy means:

- 1) Contamination:

Any condition of property due to the actual or suspected presence of any foreign substance, impurity, pollutant, hazardous material, poison, toxin, pathogen or pathogenic organism, bacteria, virus, disease causing or illness causing agent, fungus, mold or mildew.

- 2) Contaminant:

Anything that causes Contamination.

## LOSS ADJUSTMENT AND SETTLEMENT - SECTION C

### 1. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to <Fill-In>, or as may be directed by <Fill-In>. Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee in the Certificates of Insurance on file with the Company or named below.

### 2. CURRENCY FOR LOSS PAYMENT

Losses will be adjusted and paid in the currency

Same

Same



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of the United States of America, except in Canada where losses will be paid in Canadian currency, unless directed otherwise by the Insured.

**3. VALUATION**

Same

Adjustment of the physical loss amount under this Policy will be computed as of the date of loss at the location of the loss, and for no more than the interest of the Insured, subject to the following:

A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.

B. On finished goods manufactured by the Insured, the regular cash selling price at the Location where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.

C. On raw materials, supplies and other merchandise not manufactured by the Insured:

1) if repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or

2) if not repaired or replaced, the Actual Cash Value.

D. On exposed films, records, manuscripts and drawings, that are not Valuable Papers and Records, the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.

E. On data, programs or software stored on electronic data processing or production equipment: the cost of transferring data, programs or software from back up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.

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<p>F. On property that is damaged by fire and such fire is the result of Terrorism and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the Actual Cash Value.</p>	<p>Same</p>
<p>G. On all other property, the loss amount will not exceed the lesser of the following:</p> <ol style="list-style-type: none"> <li>1) The cost to repair.</li> <li>2) The cost to rebuild or replace on the same site with new materials of like size, kind and quality.</li> <li>3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss.</li> <li>4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss.</li> <li>5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.</li> <li>6) The increased cost of demolition, if any, resulting from loss covered by this Policy, if such property is scheduled for demolition.</li> <li>7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the Insured's expense.</li> </ol>	<p>Same</p>

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8) The Actual Cash Value if such property is:

- a) useless to the Insured; or
- b) not repaired, replaced or rebuilt on the same or another site within two years from the date of loss.

The Insured may elect not to repair or replace the insured real and/or personal property lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at an Insured Location under this Policy. This item does not extend to DEMOLITION AND INCREASED COST OF CONSTRUCTION.

References and Application. The following term(s) wherever used in this Policy means:

a) Actual Cash Value:

The amount it would cost to repair or replace insured property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

**4. LOSS CONDITIONS**

Same

**A. REQUIREMENTS IN CASE OF LOSS**

The Insured will:

- 1) give immediate written notice to the Company of any loss.
- 2) protect the property from further loss or damage.
- 3) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete

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inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed.

- 4) give a signed and sworn proof of loss to the Company within 90 days after the loss, unless that time is extended in writing by the Company. The proof of loss must state the knowledge and belief of the Insured as to:
  - a) the time and origin of the loss.
  - b) the Insured's interest and that of all others in the property.
  - c) the Actual Cash Value and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property.
  - d) any changes in the title, use, occupation, location, possession or exposures of the property since the effective date of this Policy.
  - e) by whom and for what purpose any location insured by this Policy was occupied on the date of loss, and whether or not it then stood on leased ground.
- 5) include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- 6) further, the Insured, will as often as may be reasonably required:
  - a) exhibit to any person designated by the Company all that remains of any property;
  - b) submit to examination under oath by any person designated by the Company and sign the written records of examinations; and

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c) produce for examination at the request of the Company:

(i) all books of accounts, business records, bills, invoices and other vouchers; or

(ii) certified copies if originals are lost,

at such reasonable times and places that may be designated by the Company or its representative and permit extracts and machine copies to be made.

**B. COMPANY OPTION**

Same

The Company has the option to take all or any part of damaged property at the agreed or appraised value. The Company must give notice to the Insured of its intention to do so within 30 days after receipt of proof of loss.

**C. ABANDONMENT**

Same

There may be no abandonment of any property to the Company.

**D. SUBROGATION**

Same

The Insured is required to cooperate in any subrogation proceedings. The Company may require from the Insured an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Company's payment.

The Company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the Insured in the proportion that the amount of:

1) any applicable deductible; and/or

2) any provable uninsured loss,

bears to the entire provable loss amount.

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**E. APPRAISAL**

Same

If the Insured and the Company fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser after:

- 1) the Insured has fully complied with all provisions of this Policy, including REQUIREMENTS IN CASE OF LOSS; and
- 2) the Company has received a signed and sworn proof of loss from the Insured.

Each will notify the other of the appraiser selected within 20 days of such demand.

The appraisers will first select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 30 days then, on the request of the Insured or the Company, the umpire will be selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then appraise the amount of loss, stating separately the Actual Cash Value and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for TIME ELEMENT loss, the amount of loss for each TIME ELEMENT coverage of this Policy.

If the appraisers fail to agree, they will submit their differences to the umpire. An award agreed to in writing by any two will determine the amount of loss.

The Insured and the Company will each:

- 1) pay its chosen appraiser; and
- 2) bear equally the other expenses of the appraisal and umpire.

A demand for APPRAISAL shall not relieve the Insured of its continuing obligation to comply with the terms and conditions of this Policy, including as provided under REQUIREMENTS IN CASE OF LOSS.

The Company will not be held to have

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waived any of its rights by any act relating to appraisal.

**F. SUIT AGAINST THE COMPANY**

Same

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless:

- 1) the Insured has fully complied with all the provisions of this Policy; and
- 2) legal action is started within twelve months after inception of the loss.

If under the insurance laws of the jurisdiction in which the property is located, such twelve months' limitation is invalid, then any such legal action needs to be started within the shortest limit of time permitted by such laws.

**5. SETTLEMENT OF CLAIMS**

Same

The amount of loss, except for ACCOUNTS RECEIVABLE coverage, for which the Company may be liable will be paid within 30 days after:

- A. proof of loss as described in this Policy is received by the Company; and
- B. when a resolution of the amount of loss is made either by:
  - 1) written agreement between the Insured and the Company; or
  - 2) the filing with the Company of an award as provided in the APPRAISAL clause of this section.

**6. COLLECTION FROM OTHERS**

Same

The Company will not be liable for any loss to the extent that the Insured has collected for such loss from others.

**7. PARTIAL PAYMENT OF LOSS SETTLEMENT**

Same

In the event of a loss occurring which has been ascertained to be insured loss or damage under this Policy and determined by the Company's



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representatives to be in excess of the applicable Policy deductible, the Company will advance mutually agreed upon partial payment(s) on the insured loss or damage, subject to the Policy's provisions. To obtain said partial payments, the Insured will submit a signed and sworn Proof of Loss as described in this Policy, with adequate supporting documentation.

### **GENERAL PROVISIONS - SECTION D**

#### **1. ADDITIONAL INSURABLE INTERESTS/CERTIFICATES OF INSURANCE**

Same

Additional insured interests are automatically added to this Policy as their interest may appear when named as additional named insured, lender, mortgagee and/or loss payee in the Certificates of Insurance on a schedule on file with the Company. Such interests become effective on the date shown in the Certificate of Insurance and will not amend, extend or alter the terms, conditions, provisions and limits of this Policy.

#### **2. CANCELLATION/NON-RENEWAL**

Same

This Policy may be:

- A. cancelled at any time at the request of the Insured by surrendering this Policy to the Company or by giving written notice to the Company stating when such cancellation will take effect; or
- B. cancelled by the Company by giving the Insured not less than:
  - 1) 60 days' written notice of cancellation; or
  - 2) 10 days' written notice of cancellation if the Insured fails to remit, when due, payment of premium for this Policy; or
- C. non-renewed by the Company by giving the Insured not less than 60 days' written notice of non-renewal.

Return of any unearned premium will be calculated on the customary short rate basis if the Insured cancels and on a pro-rata basis if the Company cancels this Policy. Return of any

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unearned premium will be made by the Company as soon as practicable.

**3. INSPECTIONS**

The Company, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property.

The Company's:

A. right to make inspections;

B. making of inspections; or

C. analysis, advice or inspection report,

will not constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that the insured property is safe or healthful. This Company will have no liability to the Insured or any other person because of any inspection or failure to inspect.

When the Company is not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

Same

**4. PROVISIONS APPLICABLE TO SPECIFIC JURISDICTIONS**

A. If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy will be read so as to eliminate such conflict or deemed to include such provisions for Insured Locations within such jurisdictions.

B. The Company will provide to the Insured copies of endorsements mandated for use by the laws of provinces in Canada. The endorsements modify this Policy with respect to any insured property located in the province in which the endorsement applies.

C. The Company will provide to the Insured copies of endorsements mandated for use by

Same

FACTORY MUTUAL INSURANCE COMPANY  
Filing FMIC-2006-5 Policy Comparison  
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the laws of states in the United States of America. The endorsements modify this Policy with respect to any insured property located in the state in which the endorsement applies.

- D. As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico any recovery under this Policy for any insured loss or damage from acts of terrorism, as covered under this Policy, may be partially reimbursed by the United States Government in accordance with the Terrorism Risk Insurance Act of 2002. Reimbursement by the United States Government will be under a formula established by Federal Law.

**5. LIBERALIZATION**

Same

If during the period that insurance is in force under this Policy, any filed rules or regulations affecting the same are revised by statute so as to broaden the insurance without additional premium charge, such extended or broadened insurance will inure to the benefit of the Insured within such jurisdiction, effective the date of the change specified in such statute.

**6. MISREPRESENTATION AND FRAUD**

Same

This entire Policy will be void if, whether before or after a loss, an Insured has:

- A. willfully concealed or misrepresented any material fact or circumstance concerning this insurance, the subject thereof, any insurance claim, or the interest of an Insured.
- B. made any attempt to defraud the Company.
- C. made any false swearing.

**7. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS**

Same

- A. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or

FACTORY MUTUAL INSURANCE COMPANY

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future mortgages upon such property, in order of precedence of the mortgages.

- B. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:
- 1) any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
  - 2) foreclosure, notice of sale, or similar proceedings with respect to the property.
  - 3) change in the title or ownership of the property.
  - 4) change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

- C. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
- 1) sooner terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action by the Lender or Mortgagee, or its agent.
  - 2) this Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
- D. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5 Policy Comparison

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Mortgagee written notice 60 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.

- E. The Company has the right to invoke this Policy's SUSPENSION clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Company will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- F. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.
- G. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Policy relating to APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE COMPANY.
- H. Other provisions relating to the interests and

## FACTORY MUTUAL INSURANCE COMPANY

## Filing FMIC-2006-5 Policy Comparison

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obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

**8. OTHER INSURANCE**

Same

- A. If there is any other insurance that would apply in the absence of this Policy, this Policy will apply only after such insurance whether collectible or not.
- B. In no event will this Policy apply as contributing insurance.
- C. The Insured is permitted to have other insurance over any limits or sublimits of liability specified elsewhere in this Policy without prejudice to this Policy. The existence of any such insurance will not reduce any limit or sublimit of liability in this Policy. Any other insurance that would have provided primary coverage in the absence of this Policy will not be considered excess.
- D. The Insured is permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such other insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible, this Policy's insurance will apply only after such other insurance has been exhausted.
- E. In the event this Policy is deemed to contribute with other insurance, the limit of liability applicable at each Location, for purposes of such contribution with other insurers, will be the latest amount described in this Policy or the latest Location value on file with the Company.
- F. When this Policy includes property in more than one jurisdiction, separate policies underlying this Policy may be issued by the Company in compliance with jurisdictional requirements. Such underlying policies will not be considered as additional insurance, but as duplicate insurance only.

**9. POLICY MODIFICATION**

Same

This Policy contains all of the agreements

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5 Policy Comparison

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between the Insured and the Company concerning this insurance. The Insured and the Company may request changes to this Policy. This Policy can be changed only by endorsements issued by the Company and made a part of this Policy.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- A. create a waiver, or change any part of this Policy; or
- B. prevent the Company from asserting any rights under the provisions of this Policy.

**10. REDUCTION BY LOSS**

Same

Claims paid under this Policy will not reduce its limit of liability, except claims paid will reduce any Policy Year Aggregate Limit of Liability.

**11. SUSPENSION**

Same

On discovery of a dangerous condition, the Company may immediately suspend this insurance on any machine, vessel or part thereof by giving written notice to the Insured. The suspended insurance may be reinstated by the Company. Any unearned premium resulting from such suspension will be returned by the Company.

**12. TITLES**

Same

The titles in this Policy are only for reference. The titles do not in any way affect the provisions of this Policy.

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3102 Comparison

Page 1 of 2

Form FMG3102 Ed. 1/05

Form FMG3102 Ed. 8/06

**SERVICE INTERRUPTION PROPERTY DAMAGE  
ENDORSEMENT**

When Service Interruption Property Damage coverage is included in this Policy:

Add Service Interruption Property Damage to Table of Contents  
Add Service Interruption Property Damage Coverage to Section B  
under ADDITIONAL COVERAGES

**SERVICE INTERRUPTION PROPERTY DAMAGE**

- 1) This Policy covers physical loss or damage to insured property at an Insured Location or as MISCELLANEOUS PERSONAL PROPERTY when such physical loss or damage results from the interruption of the specified incoming services consisting of [describe the service] or from the lack of outgoing [describe the service] service by reason of any [accidental physical loss or damage] [accidental occurrence] to the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.
- 2) This Additional Coverage will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.
- 3) The exclusions in the EXCLUSIONS clause of this section do not apply to SERVICE INTERRUPTION coverage except for A1, A2, A3, A6, B1, B2, B6, and D1. In addition, as respects SERVICE INTERRUPTION PROPERTY DAMAGE, the following exclusion applies:

This Policy does not insure against:

1. Earth Movement in California, Hawaii, Alaska and Puerto Rico.

**SERVICE INTERRUPTION PROPERTY DAMAGE  
ENDORSEMENT**

When Service Interruption Property Damage coverage is included in this Policy:

Add Service Interruption Property Damage to Table of Contents  
Add Service Interruption Property Damage Coverage to Section B  
under ADDITIONAL COVERAGES

**SERVICE INTERRUPTION PROPERTY DAMAGE**

- 1) This Policy covers physical loss or damage to insured property at an Insured Location or as MISCELLANEOUS PERSONAL PROPERTY when such physical loss or damage results from the interruption of the specified incoming services consisting of [describe the service] or from the lack of outgoing [describe the service] service by reason of any [accidental physical loss or damage] [accidental occurrence] to the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.
- 2) This Additional Coverage will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.
- 3) The exclusions in the EXCLUSIONS clause of this section do not apply to SERVICE INTERRUPTION coverage except for A1, A2, A3, A6, B1, B2, B6, and D1 except with respect to fungus, mold or mildew. In addition, as respects SERVICE INTERRUPTION PROPERTY DAMAGE, the following exclusion applies:

This Policy does not insure against:

1. Earth Movement in California, Hawaii, Alaska and Puerto Rico.



FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3102 Comparison

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4) Additional General Provisions:

- a) The Insured will immediately notify the suppliers of services of any interruption of such services.
- b) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.

5) References and Application: the following term means:

a) Period of Service Interruption:

The period starting with the time when an interruption of specific services occurs; and ending when with due diligence and dispatch the service could be wholly restored.

4) Additional General Provisions:

- a) The Insured will immediately notify the suppliers of services of any interruption of such services.
- b) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.

5) References and Application: the following term means:

a) Period of Service Interruption:

The period starting with the time when an interruption of specific services occurs; and ending when with due diligence and dispatch the service could be wholly restored.

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3114 Endorsement Comparison

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Form FMG3114 Ed. 1/05

Form FMG3114 Ed. 8/06

**VALUABLE PAPERS AND RECORDS ENDORSEMENT**

When Valuable Papers and Records coverage is included in this Policy:

Add Valuable Papers and Records to Table of Contents  
 Remove Item B of Property Excluded in Section B  
 Add Valuable Papers and Records Coverage to Section B under  
 Additional Coverages  
 Remove Item D under Valuation clause  
 Add Valuation to Section B under Valuation clause

**VALUABLE PAPERS AND RECORDS**

This Policy covers insured physical loss or damage to VALUABLE PAPERS AND RECORDS while anywhere within this Policy's TERRITORY, including while in transit.

- 1) This Additional Coverage excludes loss or damage to:
- a) property described in References and Application below, if such property cannot be replaced with other of like kind and quality, unless specifically declared to the Company.
  - b) currency, money or securities.
  - c) property held as samples or for sale or for delivery after sale.
- 2) VALUABLE PAPERS AND RECORDS Exclusions: The exclusions in the EXCLUSIONS clause of this section do not apply to VALUABLE PAPERS AND RECORDS coverage except for A1, A2, A6, A7, B1, B2, B3a, B5, B6 and D4. In addition, as respects VALUABLE PAPERS AND RECORDS the following exclusions apply:

This Policy excludes:

**VALUABLE PAPERS AND RECORDS ENDORSEMENT**

When Valuable Papers and Records coverage is included in this Policy:

Add Valuable Papers and Records to Table of Contents  
 Remove Item B of Property Excluded in Section B  
 Add Valuable Papers and Records Coverage to Section B under  
 Additional Coverages  
 Remove Item D under Valuation clause  
 Add Valuation to Section B under Valuation clause

**VALUABLE PAPERS AND RECORDS**

This Policy covers insured physical loss or damage to VALUABLE PAPERS AND RECORDS while anywhere within this Policy's TERRITORY, including while in transit.

- 1) This Additional Coverage excludes loss or damage to:
- a) property described in References and Application below, if such property cannot be replaced with other of like kind and quality, unless specifically declared to the Company.
  - b) currency, money or securities.
  - c) property held as samples or for sale or for delivery after sale.
- 2) VALUABLE PAPERS AND RECORDS Exclusions: The exclusions in the EXCLUSIONS clause of this section do not apply to VALUABLE PAPERS AND RECORDS coverage except for A1, A2, A6, A7, B1, B2, B3a, B5 and B6. In addition, as respects VALUABLE PAPERS AND RECORDS the following exclusions apply:

This Policy excludes:

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3114 Endorsement Comparison

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a) errors or omissions in processing, or copying, all unless physical damage not excluded by this Policy results, in which event, only resulting damage is insured.

b) deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.

3) References and Application. The following term(s) wherever used in this Policy means:

a) Valuable Papers and Records:

(i) Written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured.

**VALUATION**

A. On VALUABLE PAPERS AND RECORDS, the lesser of the following:

- a) The cost to repair or restore the item to the condition that existed immediately prior to the loss.
- b) The cost to replace the item.
- c) The amount designated for the item on the schedule on file with the Company.

B. On exposed films, records, manuscripts and drawings, that are not Valuable Papers and Records: the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of

a) errors or omissions in processing, or copying, all unless physical damage not excluded by this Policy results, in which event, only resulting damage is insured.

b) deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.

c) fungus, mold or mildew; all unless directly resulting from other physical damage not excluded by this Policy.

3) References and Application. The following term(s) wherever used in this Policy means:

a) Valuable Papers and Records:

(i) Written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured.

**VALUATION**

A. On VALUABLE PAPERS AND RECORDS, the lesser of the following:

- a) The cost to repair or restore the item to the condition that existed immediately prior to the loss.
- b) The cost to replace the item.
- c) The amount designated for the item on the schedule on file with the Company.

B. On exposed films, records, manuscripts and drawings, that are not Valuable Papers and Records: the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of

FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3114 Endorsement Comparison

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restoring or recreating lost information.

restoring or recreating lost information.

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3203 Endorsement Comparison

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Form FMG3203 Ed. 2/01	Form FMG3203 Ed. 8/06
<p align="center"><b>SERVICE INTERRUPTION ENDORSEMENT</b></p> <p>When Service Interruption Time Element coverage is included in this Policy:</p> <p align="center">Add Service Interruption Time Element to Table of Contents Add Service Interruption Time Element Coverage to Section B under Time Element Coverage Extension</p> <p><b>SERVICE INTERRUPTION TIME ELEMENT</b></p> <p>1) This Policy covers the Actual Loss Sustained by the Insured during the Period of Service Interruption at an Insured Location when the loss is caused by the interruption of incoming services consisting of [describe the service] or from the lack of outgoing [describe the service] service by reason of any [accidental physical loss or damage] [accidental occurrence] to the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.</p> <p>2) This Extension will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.</p> <p>3) The exclusions in the EXCLUSIONS clause of the PROPERTY DAMAGE section do not apply to SERVICE INTERRUPTION TIME ELEMENT coverage except for A1, A2, A3, A6, B1, B2, B6, and D1. In addition, as respects SERVICE INTERRUPTION TIME ELEMENT, the following exclusion applies:</p> <p>This Policy does not insure against:</p> <p>1. Earth Movement in California, Hawaii, Alaska and Puerto Rico.</p>	<p align="center"><b>SERVICE INTERRUPTION ENDORSEMENT</b></p> <p>When Service Interruption Time Element coverage is included in this Policy:</p> <p align="center">Add Service Interruption Time Element to Table of Contents Add Service Interruption Time Element Coverage to Section B under Time Element Coverage Extension</p> <p><b>SERVICE INTERRUPTION TIME ELEMENT</b></p> <p>1) This Policy covers the Actual Loss Sustained by the Insured during the Period of Service Interruption at an Insured Location when the loss is caused by the interruption of incoming services consisting of [describe the service] or from the lack of outgoing [describe the service] service by reason of any [accidental physical loss or damage] [accidental occurrence] to the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.</p> <p>2) This Extension will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in the WAITING PERIOD clause of the DECLARATIONS section.</p> <p>3) The exclusions in the EXCLUSIONS clause of the PROPERTY DAMAGE section do not apply to SERVICE INTERRUPTION TIME ELEMENT coverage except for A1, A2, A3, A6, B1, B2, B6, and D1 except with respect to fungus, mold or mildew. In addition, as respects SERVICE INTERRUPTION TIME ELEMENT, the following exclusion applies:</p> <p>This Policy does not insure against:</p> <p>1. Earth Movement in California, Hawaii, Alaska and Puerto Rico.</p>

FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG3203 Endorsement Comparison

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4) Additional General Provisions:

- a) The Insured will immediately notify the suppliers of services of any interruption of such services.
- b) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.

5) References and Application: The following term(s) means:

a) Period of Service Interruption:

- (i) The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored [and the Location receiving the service could or would have resumed normal operations following the restoration of service under the same or equivalent physical and operating conditions as provided by the PERIOD OF LIABILITY clause in this section.]
- (ii) The Period of Service Interruption is limited to only those hours during which the Insured would or could have used services(s) if it had been available.
- (iii) The Period of Service Interruption does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

4) Additional General Provisions:

- a) The Insured will immediately notify the suppliers of services of any interruption of such services.
- b) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.

5) References and Application: The following term(s) means:

a) Period of Service Interruption:

- (i) The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored [and the Location receiving the service could or would have resumed normal operations following the restoration of service under the same or equivalent physical and operating conditions as provided by the PERIOD OF LIABILITY clause in this section.]
- (ii) The Period of Service Interruption is limited to only those hours during which the Insured would or could have used services(s) if it had been available.
- (iii) The Period of Service Interruption does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

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FMG3230 Ingress/Egress Endorsement Comparison

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Form FMG3230 Edition 1/05	Form FMG3230 Edition 8/06
<p>This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured due to the necessary interruption of the Insured's business due to physical prevention of ingress to or egress from an Insured Location, whether or not the premises or property of the Insured is damaged, provided that such prevention is a direct result of physical damage of the type insured by this Policy, to the kind of property not excluded by this Policy.</p> <p>INGRESS/EGRESS Exclusions: As respects INGRESS/EGRESS, the following exclusions are applicable:</p> <p>This Policy does not insure loss resulting from:</p> <ol style="list-style-type: none"> <li>1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and telecommunications.</li> <li>2) picketing or other action by strikers except for physical damage not excluded by this Policy.</li> <li>3) physical loss or damage caused by or resulting from Terrorism, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to loss.</li> </ol> <p>This Policy does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.</p>	<p>This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured due to the necessary interruption of the Insured's business due to physical prevention of ingress to or egress from an Insured Location, whether or not the premises or property of the Insured is damaged, provided that such prevention is a direct result of physical damage of the type insured by this Policy, to the kind of property not excluded by this Policy.</p> <p>INGRESS/EGRESS Exclusions: As respects INGRESS/EGRESS, the following exclusions are applicable:</p> <p>This Policy does not insure loss resulting from:</p> <ol style="list-style-type: none"> <li>1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and voice, data or video.</li> <li>2) picketing or other action by strikers except for physical damage not excluded by this Policy.</li> <li>3) physical loss or damage caused by or resulting from Terrorism, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to loss.</li> </ol> <p>This Policy does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.</p>



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FMG3401 Endorsement Comparison

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Form FMG3401 Ed. 2-01	Form FMG3401 Ed. 8-06
<p data-bbox="223 305 932 337"><b>DECONTAMINATION COSTS ENDORSEMENT</b></p> <p data-bbox="102 370 1044 638">If insured property is contaminated as a direct result of physical damage insured by this Policy and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of pollution or hazardous material, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of insured property so contaminated as a direct result of insured physical damage.</p> <p data-bbox="102 711 1044 808">The Company is not liable for the costs required for removing contaminated uninsured property nor the contaminant therein or thereon, whether or not the contamination results from an insured event.</p>	<p data-bbox="1200 305 1908 337"><b>DECONTAMINATION COSTS ENDORSEMENT</b></p> <p data-bbox="1078 370 2021 678">If insured property is contaminated as a direct result of physical damage insured by this Policy and there is in force at the time of the loss any law or ordinance regulating Contamination, due to the actual not suspected presence of Contaminant(s), then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of insured property so contaminated due to the actual not suspected presence of Contaminant(s) as a direct result of insured physical damage.</p> <p data-bbox="1078 716 2021 813">The Company is not liable for the costs required for removing contaminated uninsured property nor the Contaminant therein or thereon, whether or not the Contamination results from an insured event.</p>



## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG7168 Endorsement Comparison

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Form FMG7168 Ed. 1-03	Form FMG7168 Ed. 8-06
<p style="text-align: center;"><b>TERRORISM ENDORSEMENT</b></p> <p>When Terrorism coverage is included in this Policy:</p> <p>Add TERRORISM to Table of Contents  Add limit of liability for TERRORISM under Limit of Liability in the LIMITS OF LIABILITY clause in Section A  Add TERRORISM Coverage under ADDITIONAL COVERAGES of Section B  Revise item F of VALUATION clause of Section C</p> <p><b>TERRORISM</b></p> <p>This Policy covers physical loss or damage caused by or resulting from Terrorism only at locations as specifically described on the Schedule of Locations but not including Miscellaneous Unnamed Locations.</p> <p>Any act which satisfies the definition of Terrorism provided in item B2f of the EXCLUSIONS clause in this section of the Policy, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.</p> <p>Amounts recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.</p> <p>This Additional Coverage and the Actual Cash Value portion of the fire damage resulting from Terrorism attaches to TIME ELEMENT loss as provided in the Time Element section of this Policy. This Additional Coverage does not cover loss or damage which also comes within the terms of item B2a of the EXCLUSIONS clause in this section of the Policy.</p> <p>This Additional Coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the</p>	<p style="text-align: center;"><b>TERRORISM ENDORSEMENT</b></p> <p>When Terrorism coverage is included in this Policy:</p> <p>Add TERRORISM to Table of Contents  Add limit of liability for TERRORISM under Limit of Liability in the LIMITS OF LIABILITY clause in Section A  Add TERRORISM Coverage under ADDITIONAL COVERAGES of Section B  Revise item F of VALUATION clause of Section C</p> <p><b>TERRORISM</b></p> <p>This Policy covers physical loss or damage caused by or resulting from Terrorism only at locations as specifically described on the Schedule of Locations but not including Miscellaneous Unnamed Locations.</p> <p>Any act which satisfies the definition of Terrorism provided in item B2f of the EXCLUSIONS clause in this section of the Policy, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.</p> <p>Amounts recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.</p> <p>This Additional Coverage and the Actual Cash Value portion of the fire damage resulting from Terrorism attaches to TIME ELEMENT loss as provided in the Time Element section of this Policy. This Additional Coverage does not cover loss or damage which also comes within the terms of item B2a or B2c of the EXCLUSIONS clause in this section of the Policy.</p> <p>This Additional Coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the</p>

## FACTORY MUTUAL INSURANCE COMPANY

Filing FMIC-2006-5

FMG7168 Endorsement Comparison

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following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- 2) That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 3) In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
- 4) That involves action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

**VALUATION**

Item F of the VALUATION clause is amended to read as follows:

- F. On property that is damaged by fire and such fire is the result of Terrorism and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the Actual Cash Value for any portion of the fire damage loss which exceeds the limit of liability shown in the Section A for TERRORISM coverage.

following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- 2) That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 3) In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or
- 4) That involves action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

**VALUATION**

Item F of the VALUATION clause is amended to read as follows:

- F. On property that is damaged by fire and such fire is the result of Terrorism and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the Actual Cash Value for any portion of the fire damage loss which exceeds the limit of liability shown in the Section A for TERRORISM coverage.

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Form FMG7182S Ed. 8/06

**SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF  
TERRORISM ENDORSEMENT****Coverage for "Certified Act of Terrorism" Under the Terrorism Risk  
Insurance Act of 2002**

In consideration of a premium charged of \$<Fill-In>, this Policy, subject to the terms and conditions therein and in this Endorsement, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.

It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein.

This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy. Nor does the coverage provided by this Endorsement insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

**SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF  
TERRORISM ENDORSEMENT****Coverage for "Certified Act of Terrorism" Under the Terrorism Risk  
Insurance Act of 2002**

In consideration of a premium charged of \$<Fill-In>, this Policy, subject to the terms and conditions therein and in this Endorsement, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.

It is agreed that the coverage provided by this Endorsement shall expire 31 December 2007 simultaneously with the expiration of the Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 unless the Terrorism Risk Insurance Act of 2002 is further extended without modification by an Act of the United States Congress. In that event, coverage under this Endorsement will expire on the earliest of the expiration or cancellation date of the Policy to which it is attached or the revised expiration date of the United States Terrorism Risk Insurance Act of 2002 as specified in the provisions of the 2005 extension. It is further agreed that an additional pro-rata premium will be due upon any extension of coverage.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein.

This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy. Nor does the coverage provided by this Endorsement insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

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With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act).

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Endorsement or the Policy.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 90% (85% in 2007) of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The premium charged for this coverage is provided above.

The coverage provided by this Endorsement only applies to a Certified Act of Terrorism.

The coverage provided by this Endorsement does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

1. that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
4. that involves action taken to prevent, defend against, respond to or retaliate against a Certified Act of Terrorism or a suspected Certified Act of Terrorism.

With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act).

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Endorsement or the Policy.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 90% (85% in 2007) of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The premium charged for this coverage is provided above.

The coverage provided by this Endorsement only applies to a Certified Act of Terrorism.

The coverage provided by this Endorsement does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

1. that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or
4. that involves action taken to prevent, defend against, respond to or retaliate against a Certified Act of Terrorism or a suspected Certified Act of Terrorism.

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Reference and Application: The following term(s) means:

Certified Act of Terrorism:

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005. The criteria contained in that Act for a "Certified Act of Terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Reference and Application: The following term(s) means:

Certified Act of Terrorism:

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005. The criteria contained in that Act for a "Certified Act of Terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.